

# Consensus General Fund Revenue Outlook

Presentation to:  
Legislative Finance Committee  
August 27<sup>th</sup>, 2021

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Office of the Governor

**MICHELLE LUJAN GRISHAM**

# Outline

- Consensus Revenue Estimating Group Overview
- US/Global Macroeconomic Outlook
- New Mexico Macroeconomic Outlook
- Oil and Natural Gas Outlook
- Personal Income Tax (PIT)
- Gross Receipt Tax (GRT)
- Cannabis Excise Tax and Insurance Premium Tax
- Severance & Rents & Royalties
- General Fund Overview
- Appendices

# Consensus Revenue Estimating Group

## Participating Agencies

### **New Mexico Department of Finance and Administration**

**Leonardo Delgado, Chief Economist**  
**Noel Martinez, Senior Economist**

### **New Mexico Taxation and Revenue Department**

**Lucinda Sydow, Chief Economist**  
**Robert McGrail, Senior Economist**  
**Efrain Ibarra, Senior Economist**  
**Mallika Pung, Senior Economist**

### **New Mexico Department of Transportation**

**Laura Bianchini, Chief Economist**  
**Michael Morrison, Senior Economist**

### **Legislative Finance Committee**

**Dawn Iglesias, Chief Economist**  
**Ismael Torres, Senior Economist**

# US & NM Economic Indicators

## ➤ National Forecasters Baseline Assumptions

### ➤ Moody's Analytics:

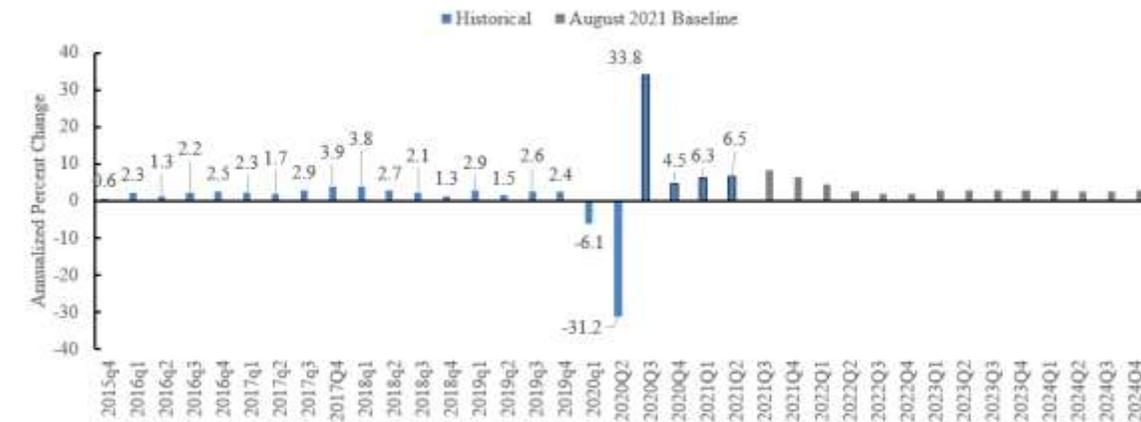
- Moody's Analytics August baseline outlook expects that the U.S. will effectively achieve herd resiliency in September 2021
- The August 2021 baseline forecast assumes that the \$572 billion bipartisan infrastructure deal passes in its current form
- The acceleration in consumer prices is expected to be transitory along with the U.S. labor supply constraints, with the latter being caused by healthcare concerns, childcare issues, and expanded unemployment insurance benefits. Labor supply constraints are expected to begin easing in late August and September 2021

### ➤ IHS Markit:

- While the delta variant infection rate is a downside risk to the forecast, IHS Markit assumes steady economic recovery and no national shutdown to be initiated
- IHS Markit's baseline forecast does not yet include the federal infrastructure legislation
- IHS Markit assumes the national unemployment rate reaches pre-COVID-19 recession levels in 2023

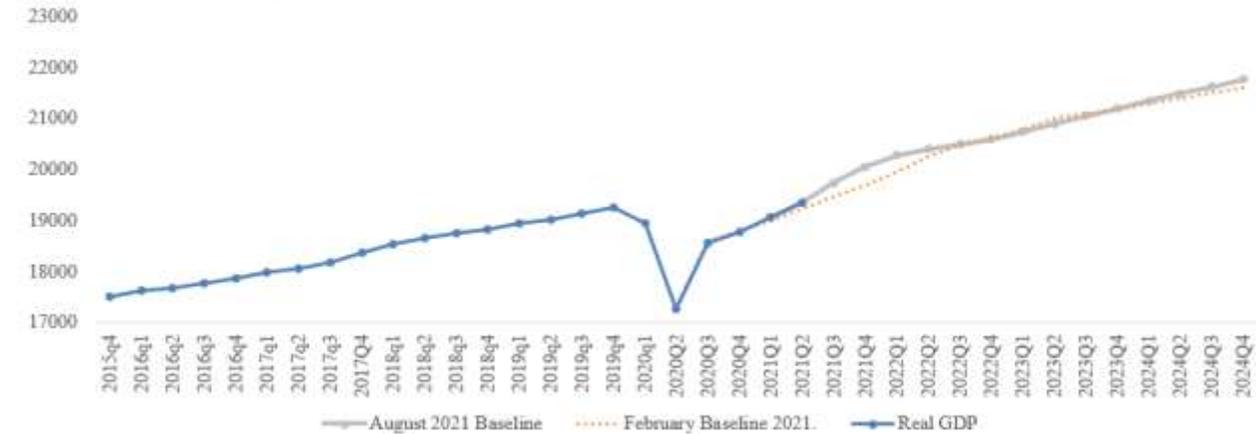
# US Economic Outlook

Annualized Percent Change in US Real GDP: 2015 Q1 to 2021 Q2, Forecast 2021Q3-2024Q4  
(Quarter-over-Previous-Quarter)



Source: bea.gov seasonally adjusted at annual rates, Moody's August 2021 Baseline Scenario

US Real Gross Domestic Product: 2015 Q4 to 2021 Q2, Forecast 2021Q3-2024Q4  
(billions of chained 2012 dollars)

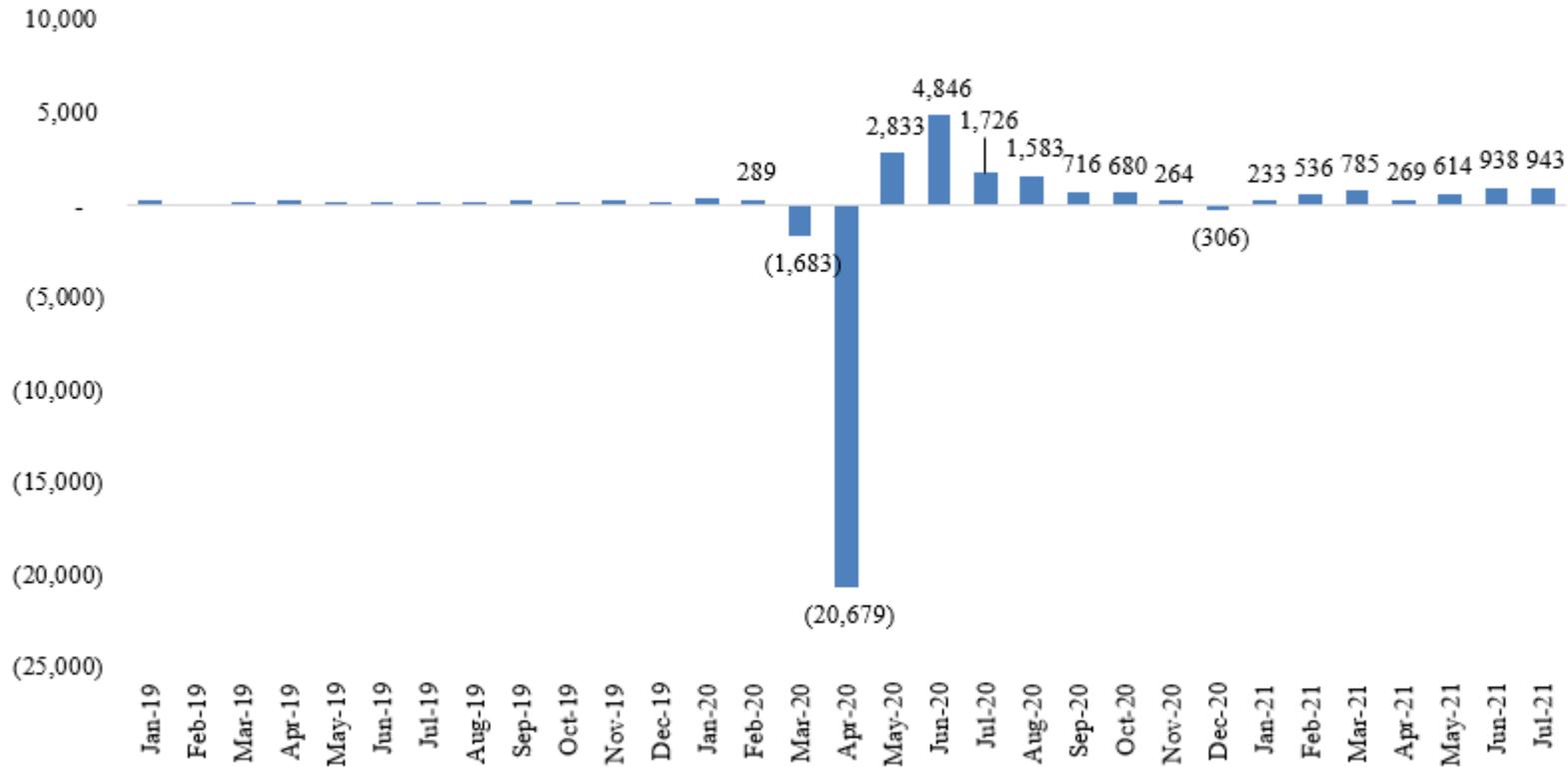


Source: GDP in billions of chained 2012 dollars, retrieved from bea.gov. Moody's November 2020 Baseline Scenario vs. May 2020 Baseline Scenario

- National Bureau of Economic Research determined the 2020 recession lasted two months
- US real gross domestic product (RGDP) increased at an annual rate of 6.5% in 2021Q2
  - Monetary and fiscal policy have bolstered the national economy and mitigated some of the negative effects of the COVID-19 crisis
  - Moody's Analytics expects Fed officials to begin preparing financial markets for a tapering of its Quantitative Easing policy in the next few months as it becomes evident the pandemic is fading and the economy is in full swing
  - Moody's states the following risks:
    - The Delta variant could delay schools reopening or classes are virtual, delaying the return of many to the labor force.
    - The Delta variant could lead to tighter state restrictions and magnify supply chain issues with surging cases in Asia-Pacific region

# US Economic Outlook

**Monthly change in non-farm payroll employment (1,000s) in the US: July 2019 to August 2021**

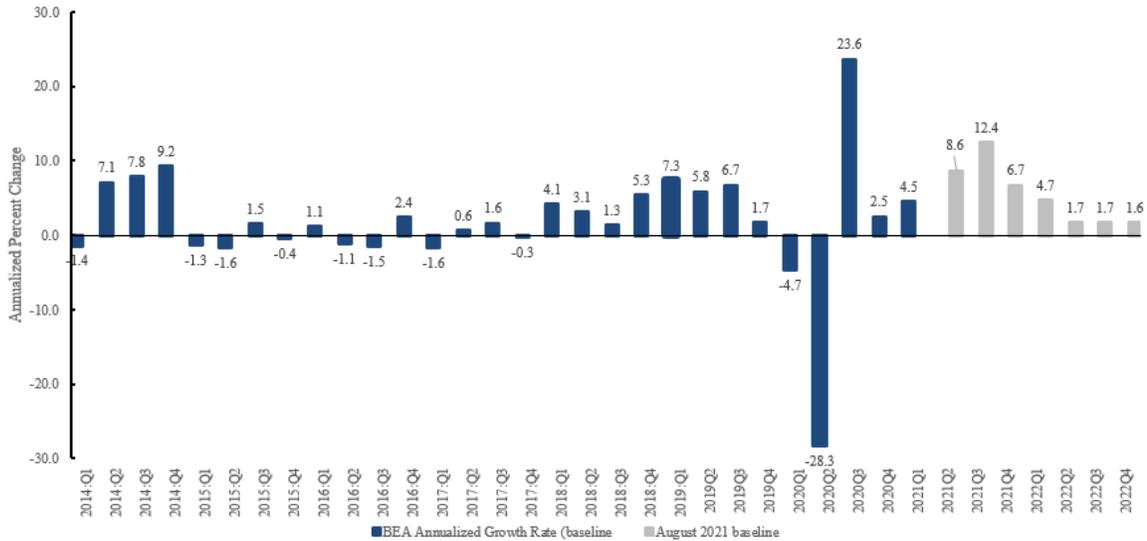


Source: bls.gov

- The US lost 22.4 million jobs at the onset of the pandemic
- Since then, the national economy has regained 16.7 million jobs
- National economy remains down 5.7 million jobs
- According to the Bureau of Labor Statistics, the sectors that gained jobs in July 2021 were:
  - Leisure and Hospitality
  - Local Government Education
  - Professional Services
- Labor market is tight due to health concerns, childcare issues, and expanded unemployment insurance benefits

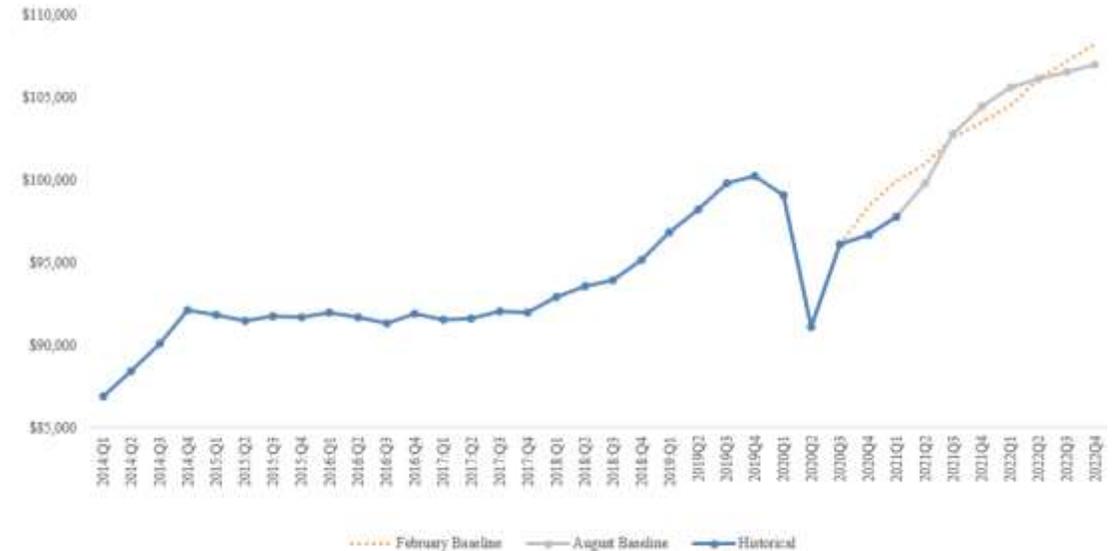
# NM Economic Outlook

Annualized Percent Change in NM Real GDP 2014Q1 to 2021Q1, Moody's Forecasts 2021Q2-2022Q4  
(Quarter to Quarter)



Source: bea.gov, Moody's August 2021 Baseline Scenario vs. Historical Values

New Mexico Real Gross Domestic Product 2014Q1-2021Q1, Moody's Forecasts 2021Q2-2022Q4



Source: bea.gov, Moody's 2021 Baseline  
(in 2012 chained millions of dollars)

- Bureau of Economic Analysis data shows New Mexico RGDP grew at an annualized rate of 4.5% in 2020Q1. This represents growth in RGDP from \$96.8 billion to \$97.7 billion
- Moody's Analytics baseline forecast expects NM RGDP to grow in 2021Q2 and 2021Q3 at 8.6% and 12.4%, respectively, as the economic recovery continues
- New Mexico RGDP is expected to surpass pre-pandemic levels by 2021Q3

# NM Unemployment Rate

US and NM Unemployment Rate (percent) : December 2007 to July 2021, Moody's Forecast from August 2021 to December 2022

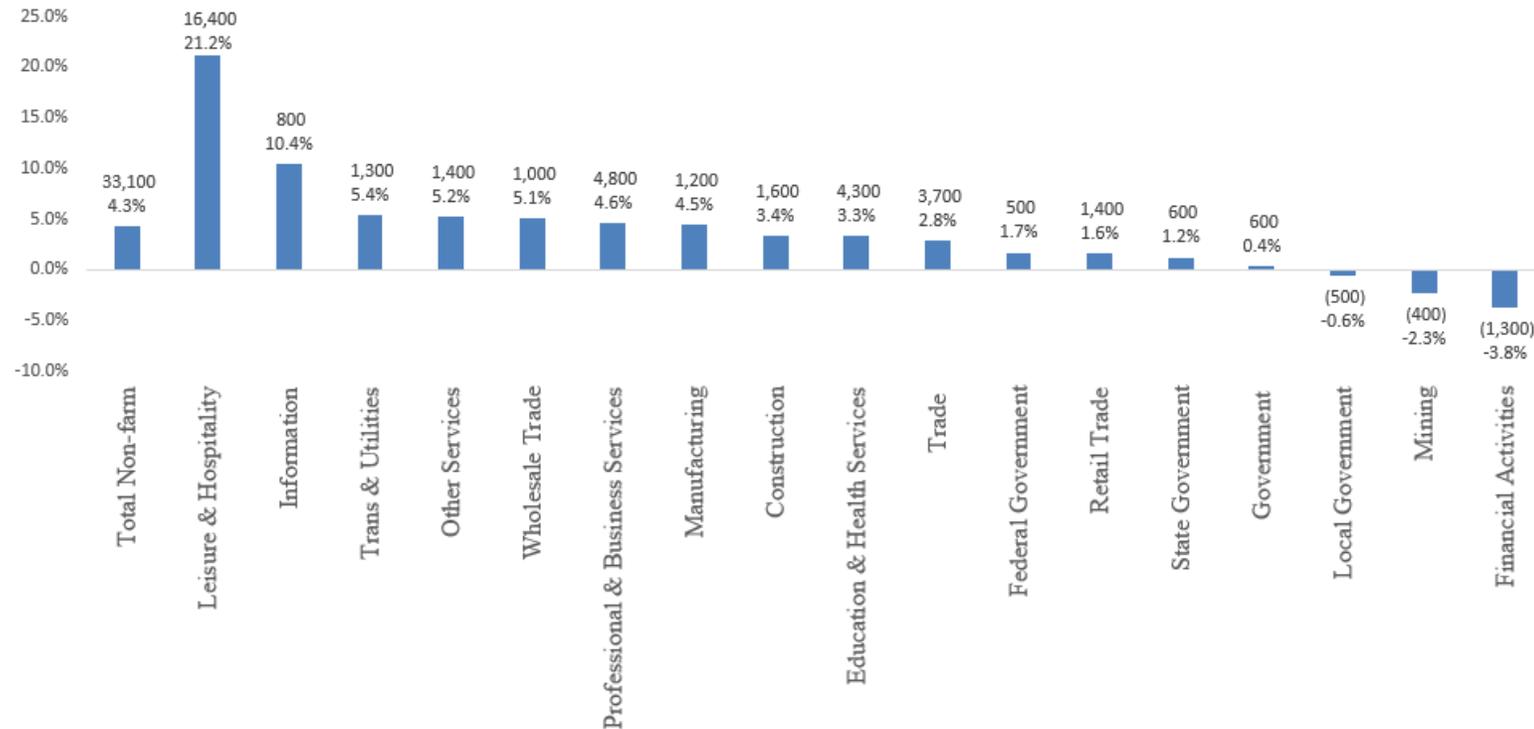


Source: bls.gov, seasonally adjusted

- The national unemployment rate peaked in April 2020 at 14.8% and decreased to 5.4% in July 2021
- New Mexico unemployment rate peaked in July 2020 at 12.5% and decreased to 7.6% in July 2021

# NM Employment by Sector Y-o-Y

Percent Change and Level Change in Non-Farm Employment in New Mexico by Sector  
July 2020 to July 2021

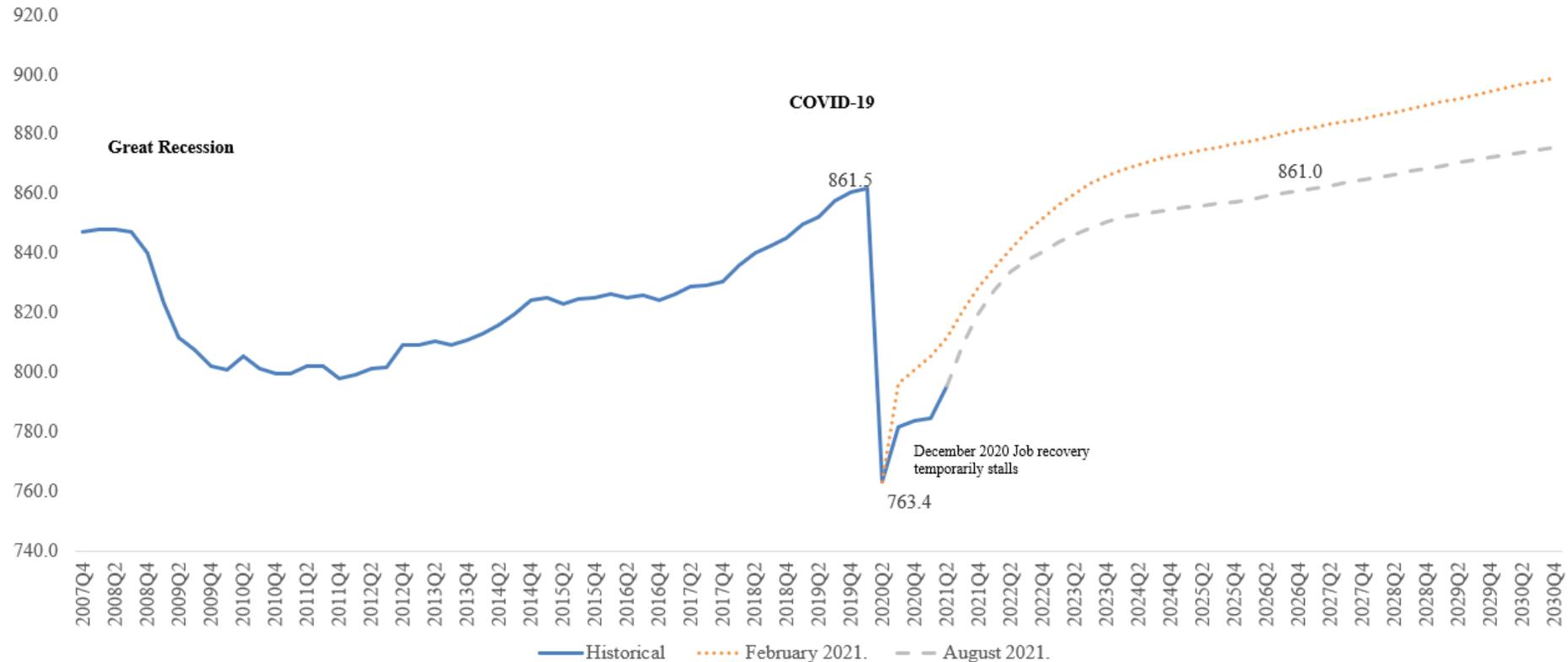


Source: bls.gov, CES not seasonally adjusted

- Year-over-year total non-farm employment increased 4.3% or 33,100 jobs in June 2021
  - With gains across the following sectors:
    - Leisure & Hospitality (+16,400)
    - Professional & Business Services (+4,800)
    - Education & Health Services (+4,300)
    - Construction (+1,600)
    - Transportation & Utilities (+1,300)
    - Manufacturing (+1,200)
  - Losses were in Local Government, Mining, and Financial Activities
  - Compared to July 2019, total non-farm employment is down 5.3% or 44,700
  - New Mexico has recovered about 44% of the job losses that occurred from February 2020 to April 2020

# NM Employment Recovery

New Mexico's Quarterly Total Non-Farm Employment by Forecast: 2007Q4 to 2030Q4



Source: bls.gov, Moody's Analytics

- NM employment recovery, same as the national employment recovery, temporarily stalled at the end of 2020 during surging COVID-19 cases and delayed fiscal stimulus
- Both Moody's Analytics August baseline forecast and UNM's BBER 2021Q3 forecast project NM will recover to pre-COVID-19 employment levels by the end of 2026

# Oil & Natural Gas

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# New Mexico Oil Prices

**New Mexico's Monthly Oil Price July 2018 to May 2021**

**WTI Futures w/differential June 2021 to June 2022**



Sources: DFA Estimate, TRD GenTax System

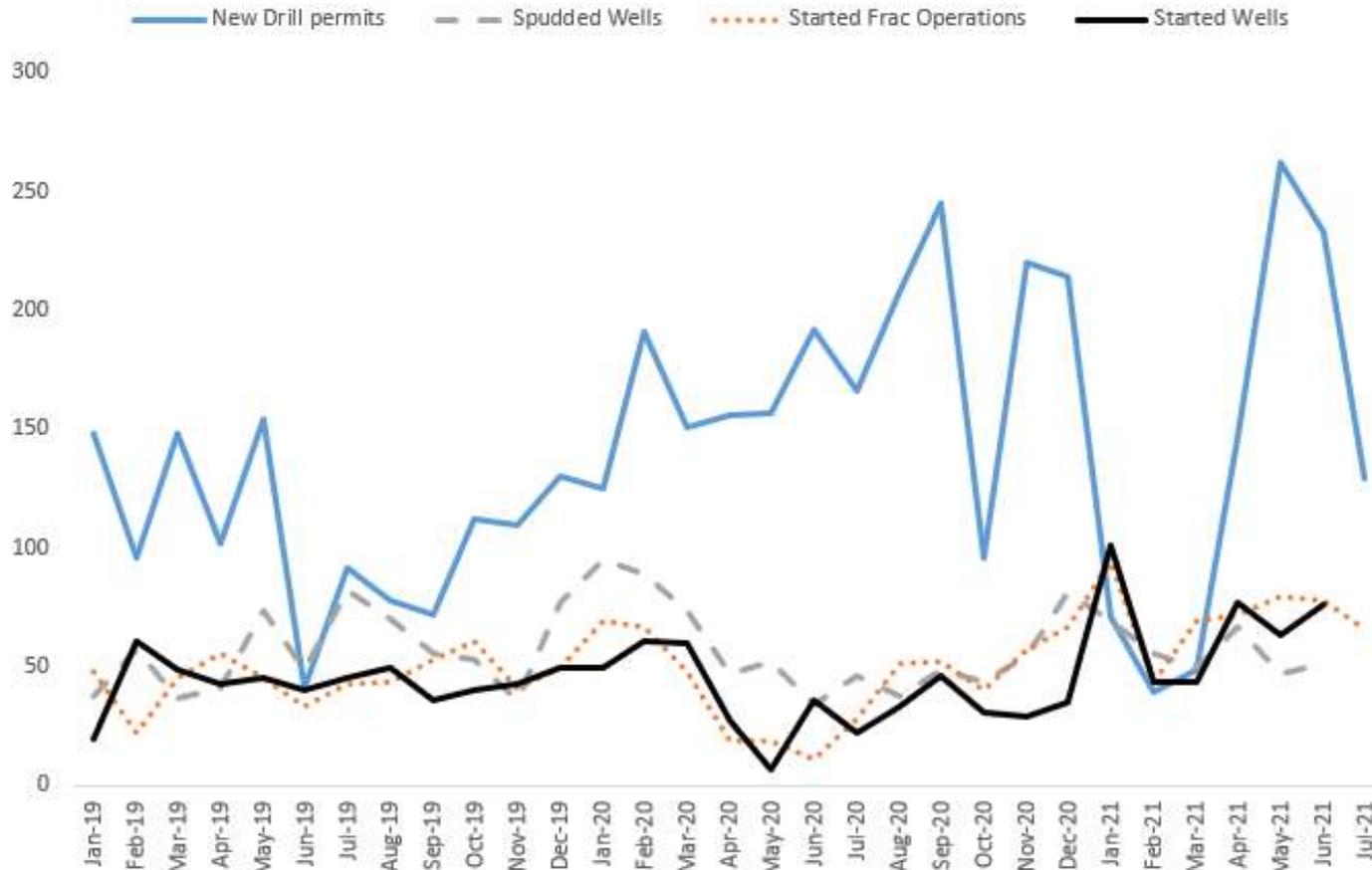
Weighted WTI derived from EIA STEO, NYMEX, Phillips 66, Rystad Energy, and Moody's Forecasts

- New Mexico oil price will complete FY21 at \$49.92/barrel, \$6.42 higher than the February estimate
- The near-term oil price recovery has been stronger than expected on the expectations of overall economic recovery and overall vaccinations
- Reopening of global economies is driving increased oil demand
  - July 2021, OPEC members agreed to increase production. The U.S. Energy Information Administration forecasts that higher OPEC production will lower oil prices beginning in 2022Q1
- Oil prices are inherently volatile. Oil prices are dependent on oil demand recovery, OPEC+ decisions, inventory levels, and other factors
- The consensus NM oil price forecast for FY22 and FY23 are \$63.50/barrel and \$58/barrel, respectively

Consensus Forecast	FY20	FY21	FY22	FY23	FY24	FY25	FY26
August Estimate	44.01	\$49.92	\$63.50	\$58.00	\$56.00	\$55.50	\$55.50
February Estimate	44.01	\$43.50	\$47.00	\$48.50	\$49.00	\$49.50	
	Oil Price (\$/barrel)						

# New Mexico Oil Production

Permian New Mexico federal well and permit activity by month



Source: Rystad Energy

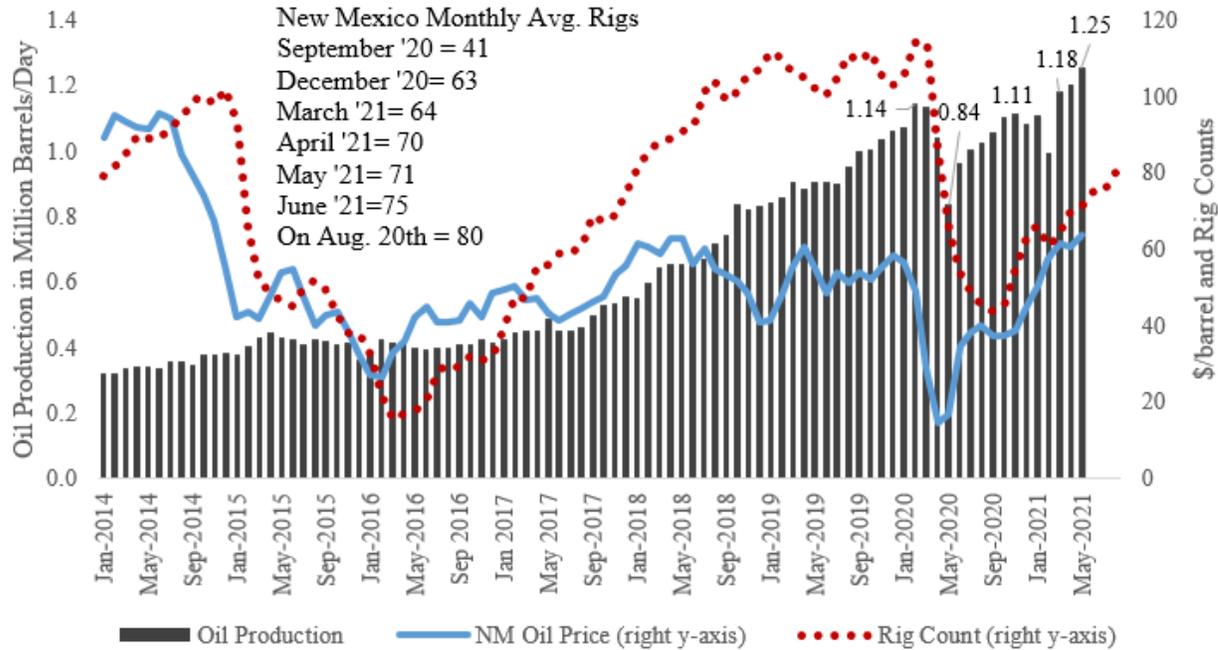
## ➤ Federal Permits:

- Secretarial Order 3395 expired March 21st and the Interior Department stated BLM would process applications for permits
- A Louisiana District Court issued a nationwide injunction on Executive Order #27 in June 2021 which had paused new oil and natural gas leases since January 2021. The ruling allows for the restarting of the leasing process
- During the duration of the Secretarial Order 3395, federal permits declined to 39 and 49 in February 2021 and March 2021, respectively. Federal permits bounced back and peaked at 262 permits in May 2021
- Between January 2021 and June 2021, 340 wells were spudded on federal land in New Mexico
- Started frack operations averaged 72 per month from January 2021 to July 2021
- From January 2021 to June 2021 405 wells were started
  - averaging 68 started wells per month
- According to Rystad Energy, fracking activity in the Permian has been well above levels needed to maintain activity since the start of 2021

# New Mexico Oil Production

NM Oil Production (MMb/d), NM Oil Price (\$ per barrel), & NM Rig Count (number)

January 2014 to June 2021



Source: Baker Hughes, TRD (Production and price through May 2021, Rigs through August 2021)

➤ Rig count has increased from 41 in September 2020 to 80 on August 20, 2021

➤ According to Rystad Energy, national oil production recovery is concentrated in New Mexico.

- In late 2019, NM produced over 1 million bpd
- In March 2021, NM surpassed North Dakota as the country's second-largest oil producing state
- May 2021 registered the highest oil production recorded in New Mexico history
- Rystad states New Mexico is set to become the only state outperforming the nationwide oil production recovery

➤ NM accounts for 13% of the oil produced in the lower 48 states. Rystad expects this contribution to increase towards 15%-15.5% by late 2023

➤ NM oil production is expected to complete FY21 at 405 million barrels, up 10% from FY20

Consensus Forecast	FY20	FY21	FY22	FY23	FY24	FY25	FY26
August Estimate	368.1	405.0	445.0	460.0	475.0	485.0	495.0
February Estimate	368.1	370.0	370.0	370.0	370.0	370.0	370.0
Oil Volumes (million barrels)							

# Gross Receipts & Personal Income Taxes

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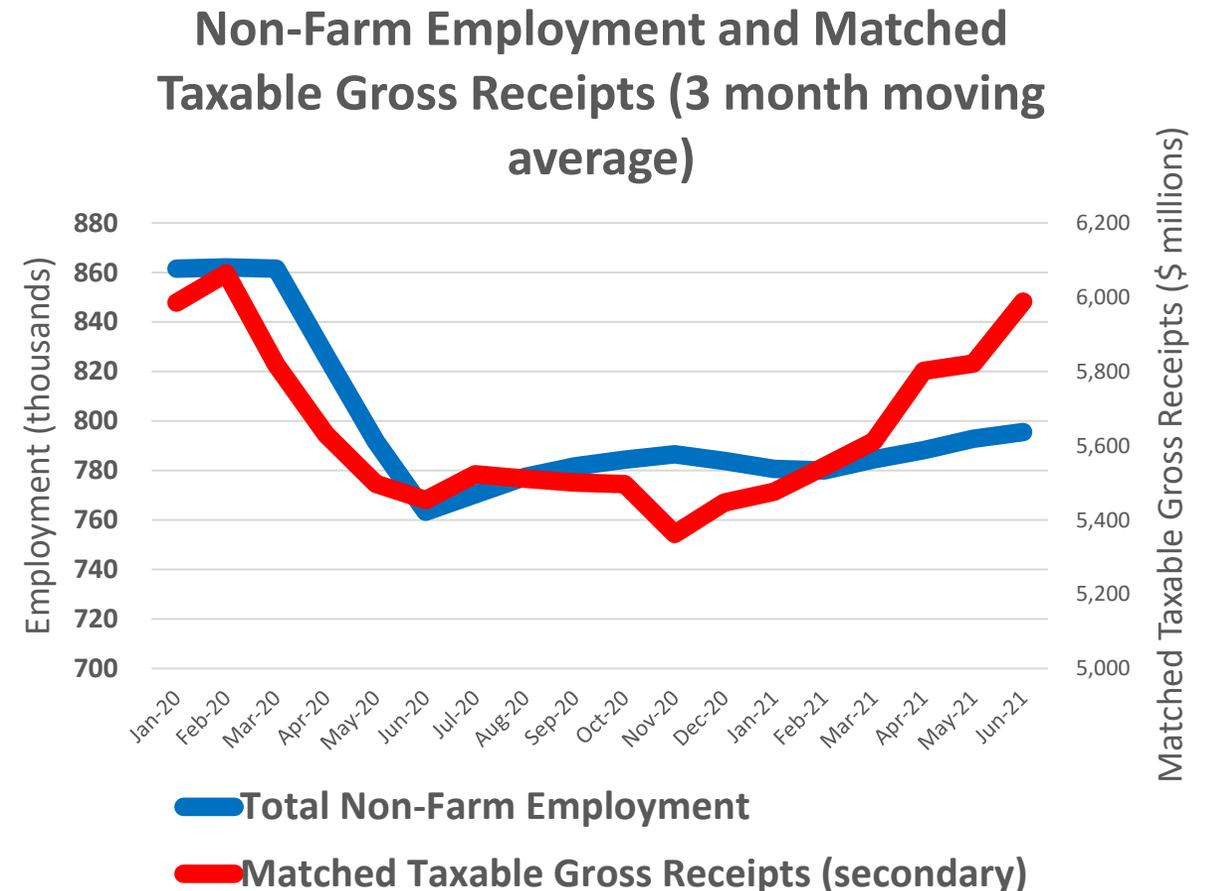
# Industry Matched Taxable Gross Receipts Growth

- Overall strong broad based growth, 9.8% Year-over-Year
- Strong growth in mining sector as oil and gas production strength continues supported by oil prices
- COVID-19 related delays in film industry contributed to information sector decline
- Large wind construction projects in rural New Mexico ended, resulting in construction sector weakness

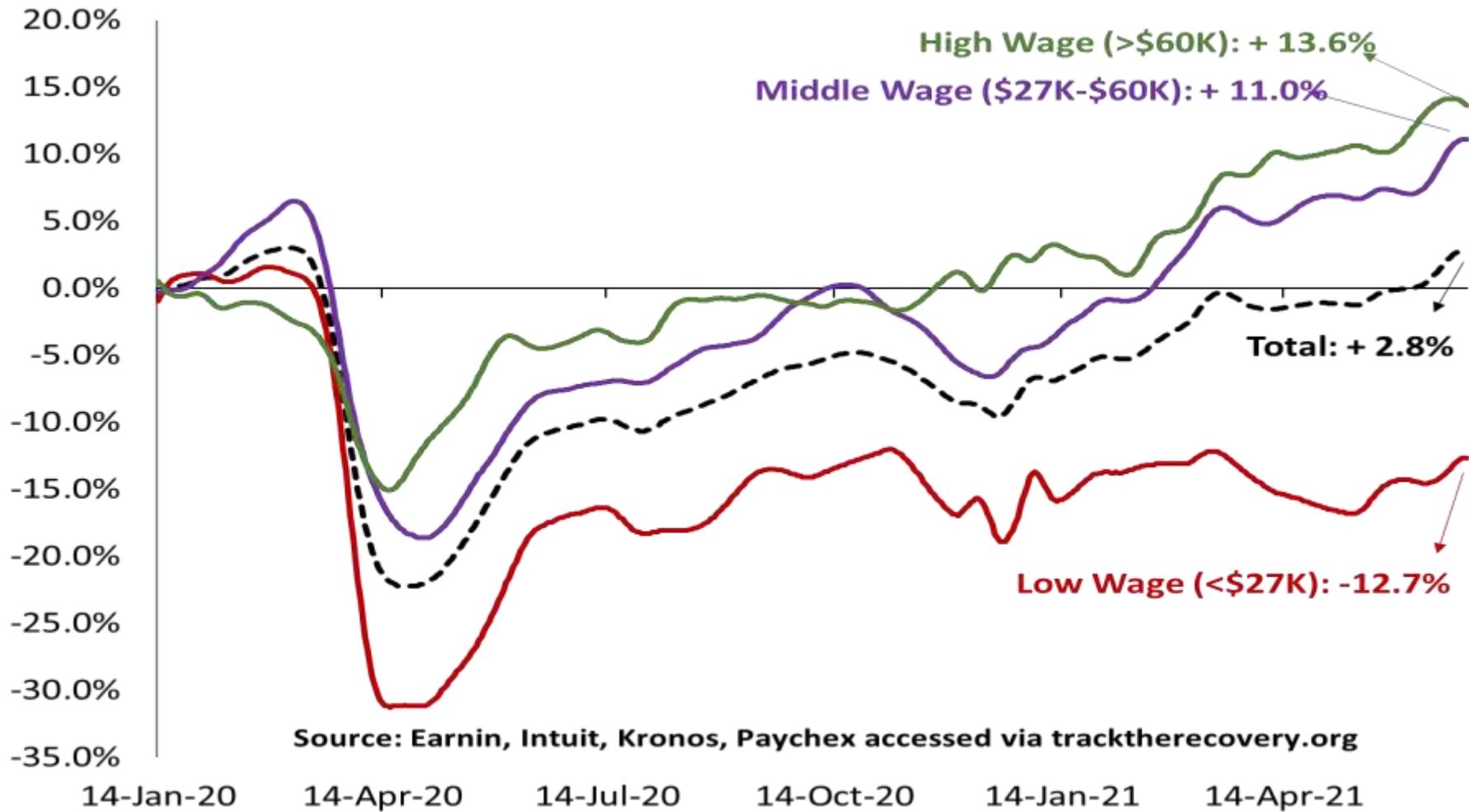
Matched Taxable Gross Receipts by Industry		
	FY21Q4 Y/Y MTGR Growth	FY20Q4-FY21Q4 % Growth
Mining and Oil and Gas Extraction	\$ 126,050,879	11.1%
Utilities	\$ (8,457,949)	-1.3%
Construction	\$ (408,573,262)	-16.0%
Manufacturing	\$ 175,170,221	38.6%
Wholesale Trade	\$ 167,104,047	26.5%
Retail Trade	\$ 629,788,523	16.2%
Transportation and Warehousing	\$ 35,496,187	16.8%
Information	\$ (253,908,639)	-33.3%
Real Estate and Rental and Leasing	\$ 90,496,191	23.5%
Professional, Scientific and Technical Services	\$ 158,752,673	10.1%
Management of Companies and Enterprises	\$ 2,181,160	22.5%
Admin and Support, Waste Mgt and Remed	\$ 111,858,141	15.5%
Health Care and Social Assistance	\$ 93,545,828	11.0%
Other	\$ 267,363,028	26.7%
Total	\$ 1,604,877,904	9.8%
Source: RP-500 Data		

# Matched Taxable Gross Receipts and Employment

- Although employment remains 7.4% lower than pre-pandemic peak, Matched Taxable Gross Receipts have recovered to pre-pandemic levels
- This is attributable to:
  - Stronger consumer demand due to federal stimulus checks and full opening of the New Mexico economy
  - Oil production recovery

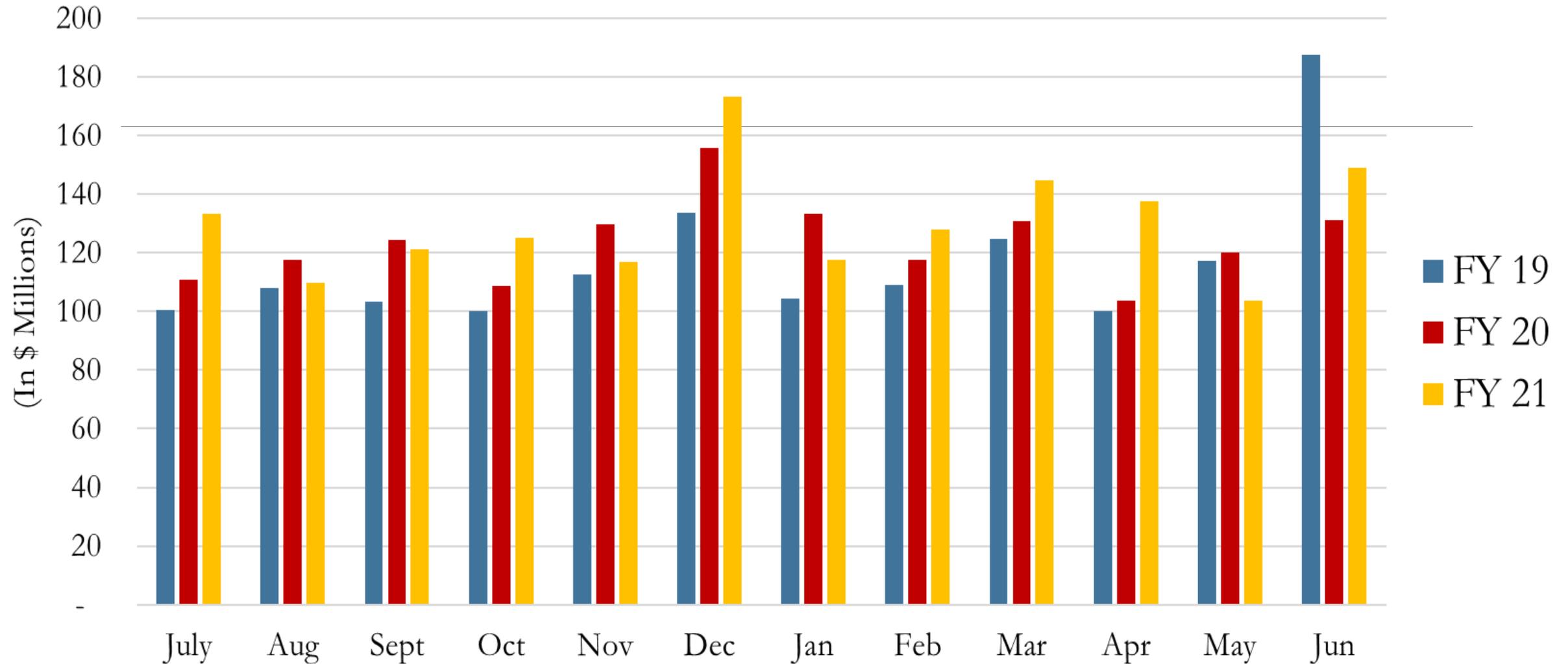


# Percent Change in NM Employment Rate since January 2020



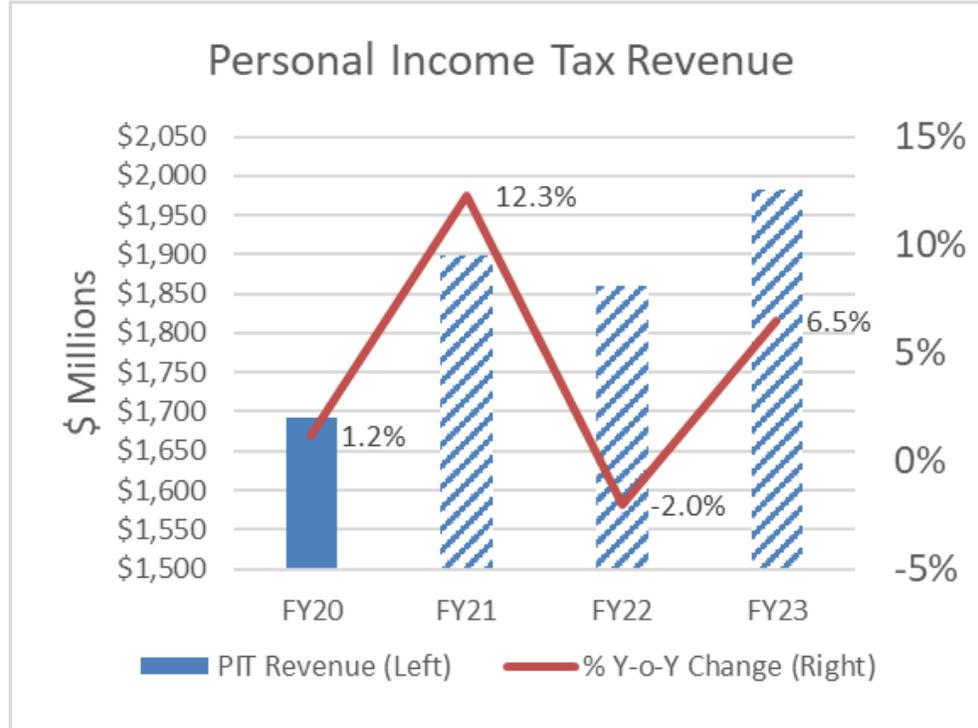
Job losses have been deepest and most sustained for the lowest income New Mexicans

# Monthly Gross Withholding Revenues FY 19-FY 21



- Despite the job losses, withholding revenues continue to demonstrate strength.

# Personal Income Tax (PIT) Historical and Outlook FY20 through FY23



➤ FY21 – strength in withholding led to strong FY21 PIT, 12.3% over FY20

➤ \* SB-1 \$600 rebate and GRT deduction impacts appear under 2021 nonrecurring legislation line

➤ FY22 – estimated 2.0% decrease in PIT attributable to:

➤ Federal and State Legislative changes to Working Families Tax Credit (WFTC) & Low Income Comprehensive Tax Rebate (LICTR)

➤ FY23 – extended forecast growth due to:

➤ Revenue growth from new higher 5.9% tax bracket

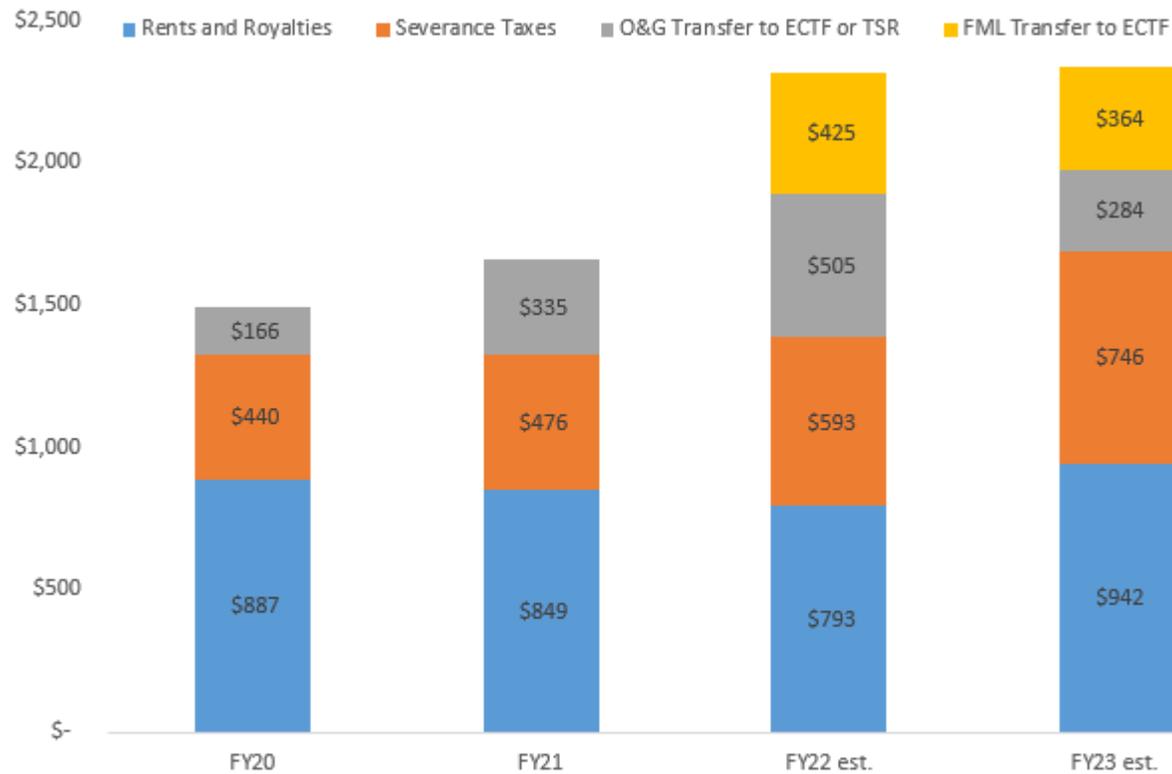
➤ Continued employment recovery and wage & salary growth

# Severance Taxes & Rents & Royalties

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# Severance Taxes, Rents & Royalties

**Severance and Rents and Royalty Revenues for FY20, FY21, FY22, and FY23 (\$ millions)**



Source: DFA, CREG, Author's calculation, Early Childhood Trust Fund (ECTF)

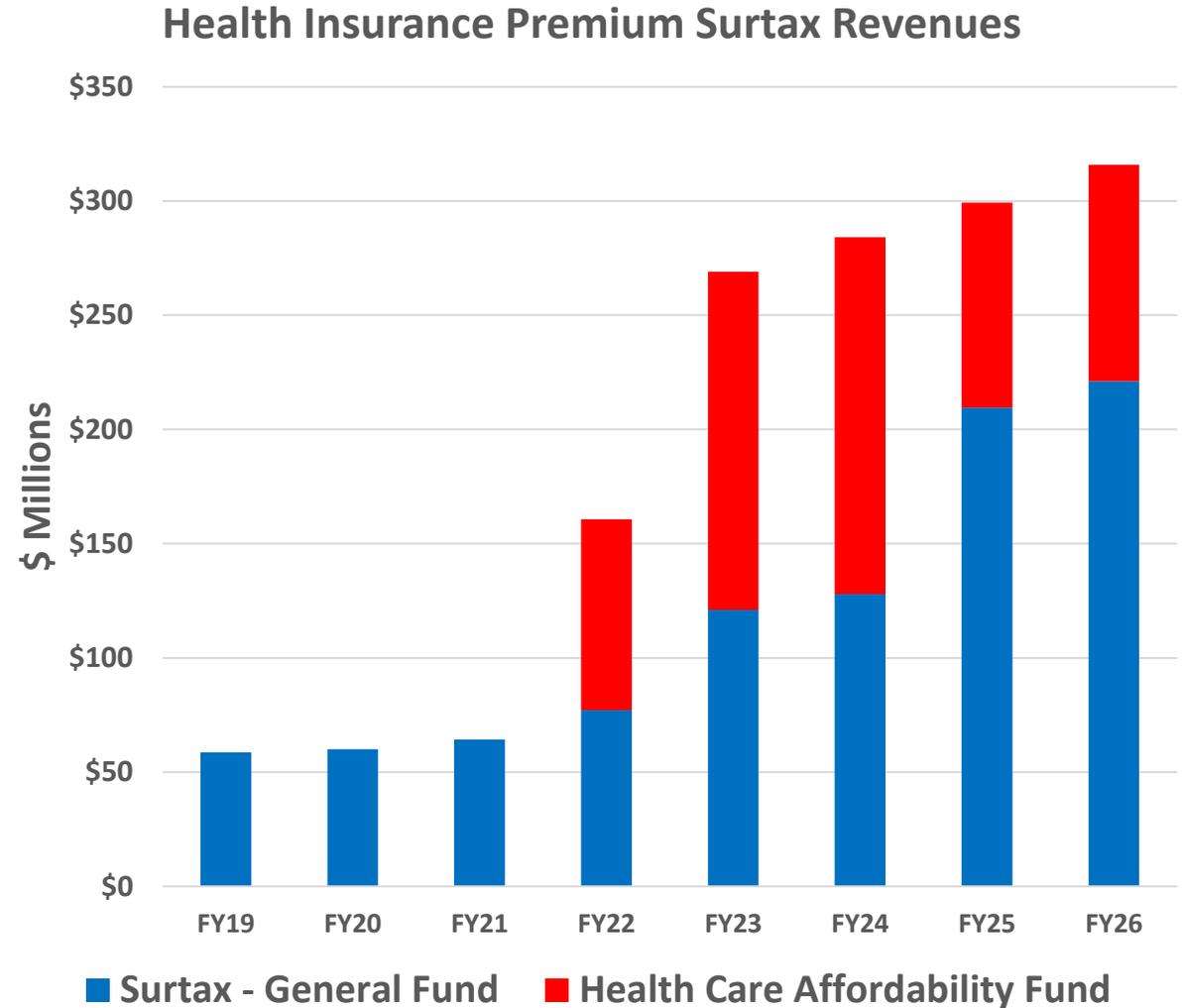
- Stronger than expected oil price recovery and increased production in FY21 and the forecast period is driving growth and transfers
- In FY21, severance tax revenues are expected to increase 8.2% from \$441 million to \$476 million
  - \$335 million emergency school tax revenue in excess of the 5-year average will transfer to the Early Childhood Trust Fund
- In FY22, severance tax revenues are expected to increase 24.5% from \$476.4 million to \$593.3 million
  - If reserves are at or above 25%, oil and gas emergency school tax revenue above the 5-year average will transfer \$505.4 million to the Early Childhood Trust Fund
- In FY22, rents and royalty revenues are expected to decline 6.6% from \$849 million to \$793.2 million. This is mainly due to anything above the 5-year average transferring to the Early Childhood Trust Fund
  - In FY22, the excess Federal Mineral Leasing revenue above the 5-year average will transfer \$425.2 million to the Early Childhood Trust Fund

# Other Revenues

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# Health Insurance Premium Surtax

- SB-317 2021 Regular Legislative session
- Health insurance premium surtax increases from 1.00% to 3.75% beginning January 1, 2022
- Health Care Affordability Fund receives percentage of surtax:
  - 52%: January 1, 2022 – June 30, 2022
  - 55% July 1, 2022 – June 30, 2024
  - 30% July 1, 2024 and on



# Cannabis Excise Tax

- Retail sales and taxation of recreational cannabis to begin no later than April 1, 2022
  - 3 months taxable activity in FY22, FY23 first full year of tax revenue

Cannabis Excise Tax GF Revenue (\$ millions)				
FY22	FY23	FY24	FY25	FY26
\$6.2	\$27.9	\$31.9	\$35.7	\$42.4

- Tax rate 12% FY22-FY25
  - 2/3<sup>rd</sup> to State General Fund and 1/3<sup>rd</sup> to Local Governments
  - Local government portion distributed to the county if sale occurs outside of municipal boundaries, distribution is solely to municipal government if the sale occurs within municipal boundaries
- Tax rate increases by 1% per year beginning FY26, reaching 18% by FY30
  - Excise tax in addition to gross receipts tax
- Medical cannabis sales no longer subject to GRT as of June 29, 2021

# Risks to Cannabis Forecast

## Consumer Demand for Recreational Cannabis

- Consumption may exceed expectations built into forecast
- Consumption may be lower as demand grows for medical cannabis (Current population at approximately 121,000 patients)

## Further Legalization

- Texas, Mexico, and U.S. as a whole may legalize
  - Reduces cross border demand assumed in forecast
- Federal legalization could increase total sales tax burden to 50%+
  - Cigarettes are taxed in the range of 50%
  - An estimated 37% of cigarettes consumed in New Mexico are the result of smuggling for tax avoidance <sup>1</sup>
  - High tax rates may impair ability to eliminate illegal cannabis market

<sup>1</sup> Mackinac Center for Public Policy

# General Fund Overview

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# General Fund Overview

## FY21

- FY2021 GF Recurring Revenue increased by 2.4% over FY2020
- FY2020 GF Reserves are \$2.5 billion or 34.1% of recurring appropriations

## FY22

- FY2022 GF Recurring Revenue is estimated to increase by 0.8% vs. FY2021
- FY2022 GF Reserves are estimated at \$3.1 billion or 42% of recurring appropriations\*

## FY23

- FY2023 GF Recurring Revenue is forecasted to grow by 9% vs. FY2022
- “New Money” for FY2022 is forecasted to be \$1.39 billion

\* Pending 2022 legislative appropriations

# NM Consensus Revenue Summary

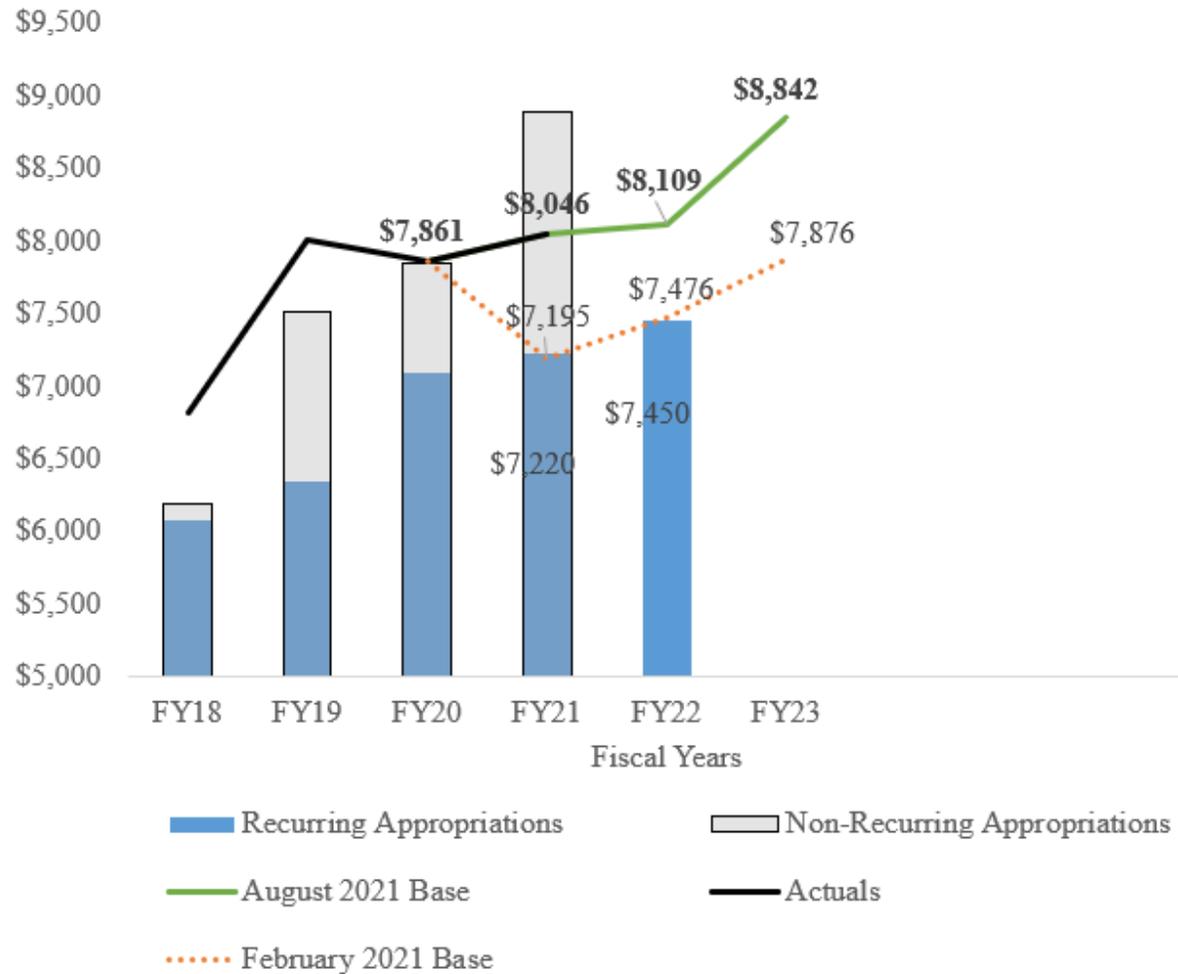
**Table 1**  
**August 2021 Consensus General Fund Forecast**  
(Millions of Dollars)

	FY20		FY21		FY22		FY23	
	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change	\$ Millions	% Change
General Sales	\$ 3,006	9.8%	\$ 2,915	-3.0%	\$ 2,844	-2.4%	\$ 3,021	6.2%
Selective Sales	\$ 563	3.8%	\$ 623	10.8%	\$ 625	0.2%	\$ 702	12.4%
Income Taxes	\$ 1,755	-2.2%	\$ 2,044	16.5%	\$ 1,974	-3.4%	\$ 2,077	5.2%
O&G Revenue	\$ 1,327	-22.1%	\$ 1,325	-0.1%	\$ 1,387	4.6%	\$ 1,688	21.8%
Investment Income	\$ 991	4.7%	\$ 960	-3.1%	\$ 1,050	9.4%	\$ 1,131	7.7%
Other	\$ 220		\$ 178	-18.7%	\$ 229	28.2%	\$ 223	-2.6%
<b>Total Recurring Revenue</b>	<b>\$ 7,861</b>	<b>-1.9%</b>	<b>\$ 8,046</b>	<b>2.4%</b>	<b>\$ 8,109</b>	<b>0.8%</b>	<b>\$ 8,842</b>	<b>9.0%</b>
<b>Total Nonrecurring</b>	<b>\$ 322</b>		<b>\$ (64)</b>					
<b>Grand Total Revenue</b>	<b>\$ 8,183</b>	<b>3.4%</b>	<b>\$ 7,981</b>	<b>-11.3%</b>	<b>\$ 8,109</b>	<b>1.6%</b>	<b>\$ 8,842</b>	<b>9.0%</b>

- FY21 revenues were stronger than anticipated specifically GRT and PIT
- FY22 does not grow much mainly due to legislative adjustments
- FY23 has higher growth than normal mainly due to the impact of legislative adjustments in FY22

# NM Consensus Revenue Summary

**Consensus General Fund Recurring Revenue Forecast FY21 to FY23**



Source: DFA, CREG

**August 2021 Forecast compared to the February 2021 Forecast**

Forecast	FY20	FY21	FY22	FY23
August 2021 Base	\$ 7,861	\$ 8,046	\$ 8,109	\$ 8,842
February 2021 Base	\$ 7,861	\$ 7,195	\$ 7,476	\$ 7,876

**August 2021 Forecast compared to the February 2021 Forecast**

Forecast	FY20	FY21	FY22	FY23
Feb 2021 Base	\$ -	\$ 851	\$ 633	\$ 966

➤ The August 2021 consensus general fund forecast has improved over the February 2021 forecast by \$851 million in FY21, \$633 million in FY22, and \$966 million in FY23

# Divergence from February 2021 Forecast

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## **GRT forecast for FY21 increased by \$331.3 million in August**

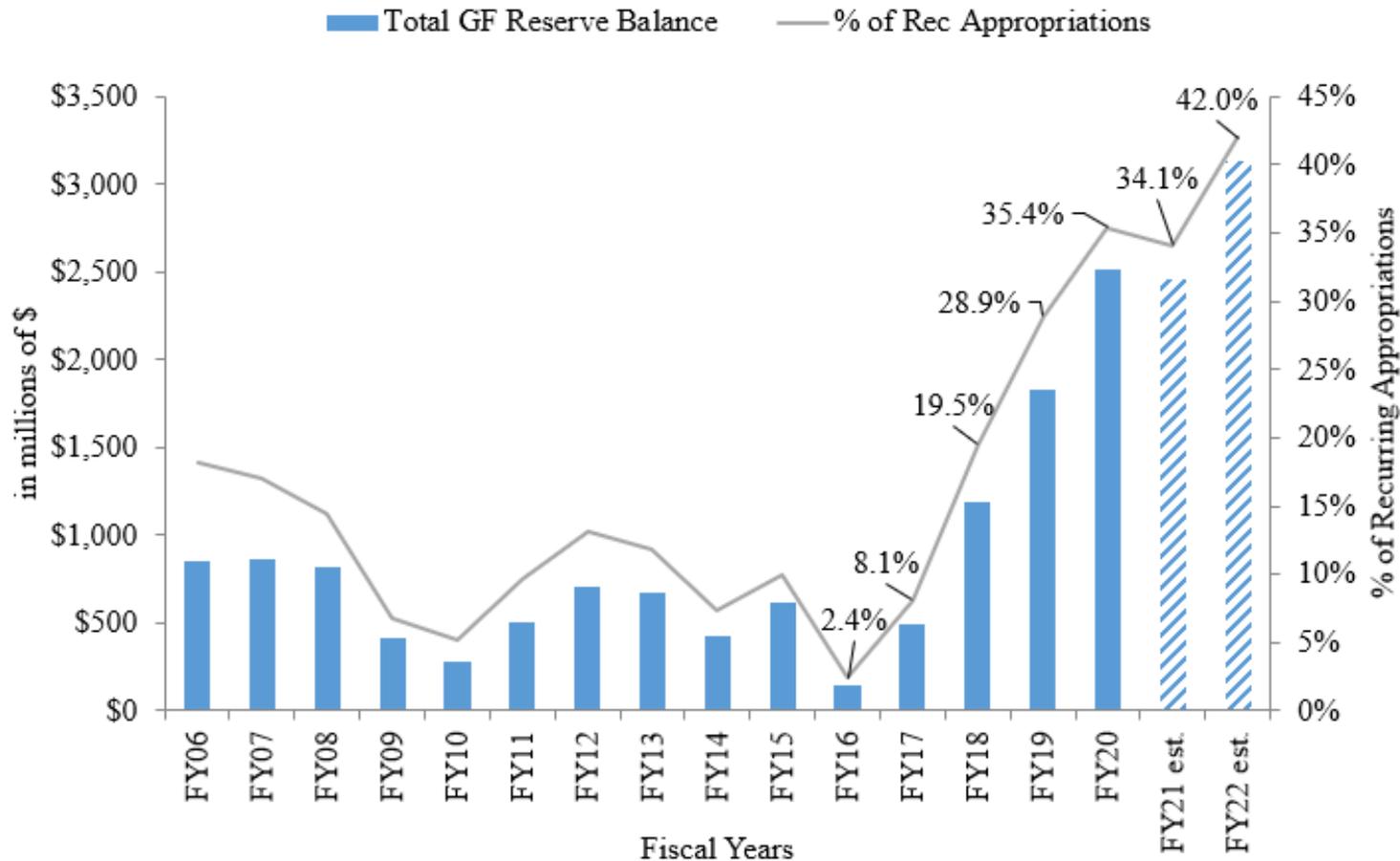
- March 2021 \$1,200 federal stimulus checks (\$600 dependents under age of 16)
  - Resulted in stronger than anticipated consumer demand
- Stronger than anticipated oil prices and production

## **PIT forecast for FY21 increased by \$312.0 million in August**

- Estimated impact of COVID-19 based on total number of jobs lost
- Proportion of low wage jobs lost exceeded high wage jobs.
- High wage jobs recovered more quickly than low wage jobs
- Federal Paycheck Protection Program loans
- Impact on withholding revenue of loss of low wage jobs is minimal

# General Fund Reserves

General Fund Reserve Balances as a Percent of Recurring Appropriations



Source: DFA, FCD

- FY21 general fund reserve balances are \$2.46 billion or 34.1% of recurring appropriations
- Total general fund reserves are estimated at \$3.13 billion or 42% of recurring appropriations at the end of FY22.\*  
(\*pending 2022 legislative appropriations)

# General Fund Financial Summary (\$ in millions)

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
Beginning Balance (General Fund Reserves)	\$2,513.6	\$2,460.6	\$3,128.7
Total Revenue (Recurring Revenue)	\$8,045.8	\$8,108.6	\$8,841.7
Spending (Recurring Appropriations)	(\$7,219.6)	(\$7,449.7)	<b>“New Money” \$1.39 billion or 18.7%</b>
Reserve Transfers, etc.	(\$161.2)	\$645.2	
Ending Balance (General Fund Reserves)	\$2,460.6	\$3,128.7	
General Fund Reserves as a Percent of Recurring Appropriations	34.1%	42.0%*	

\* Pending 2022 legislative appropriations

# Risks to the Forecast

## ➤ Upside

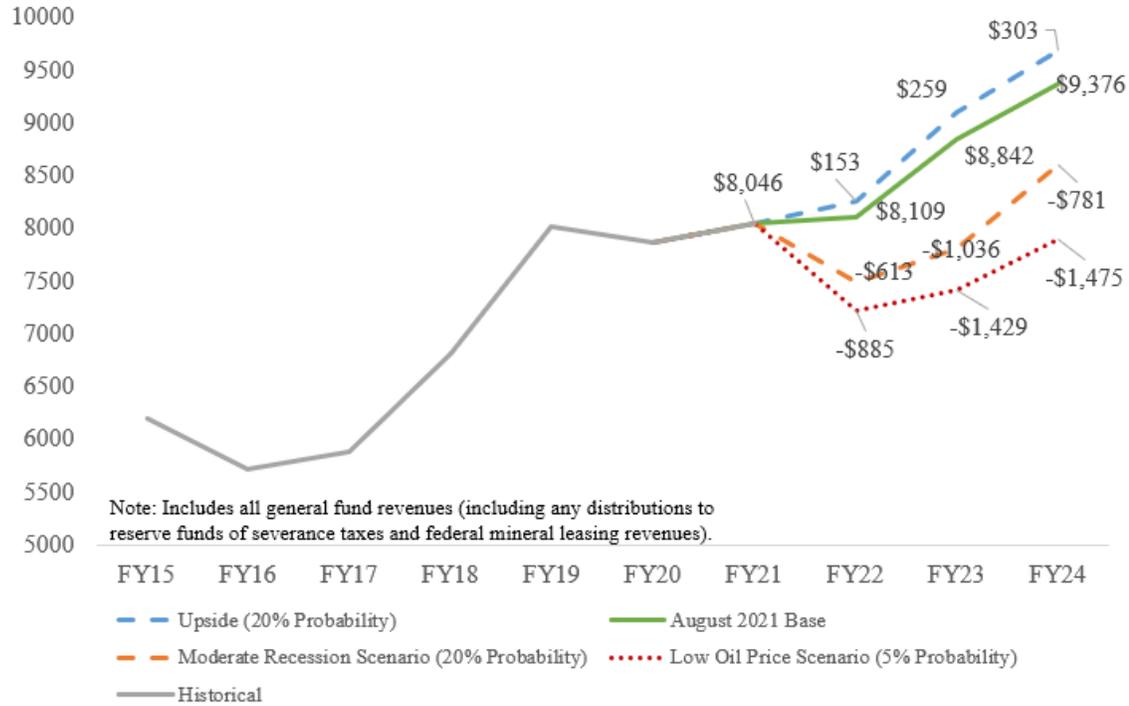
- Moody's baseline outlook expects that the U.S. will effectively achieve herd resiliency in September 2021
- IHS upside assumes an acceleration in vaccines would achieve quicker recovery in consumer spending
- Federal Infrastructure Deal
  - While Moody's incorporates infrastructure stimulus in its baseline, IHS does not
- Higher oil prices as the recovering global economy increases oil demand

## ➤ Downside

- COVID-19 Delta variant causes state and/or federal re-implementation of public health restrictions, impacting consumer confidence and spending
- Labor supply constraints remain for longer than anticipated, slowing job growth and boosting wages along with inflation
- Federal Infrastructure Deal not passing – downside to Moody's baseline but not IHS
- Negative oil market supply and demand side shocks

# Stress Test

## Revenue Sensitivity Analysis



Source: DFA, CREG, Moody's Analytics, IHS, UNM Bureau of Business & Economic Research, (in millions)

- The moderate recession scenario forecast illustrates that a prolonged economic downturn of one to two years could result in revenues being lower than the baseline by \$613 million to \$1 billion.
- The low oil price scenario forecast illustrates that a prolonged economic downturn of one to two years could result in revenues being lower than the baseline by \$885 million to \$1.4 billion.
- Impact by major revenue program is illustrated in the tables with breakdown of the impact to general fund and the estimated transfers to the Tax Stabilization Reserve or the Early Childhood Trust Fund.

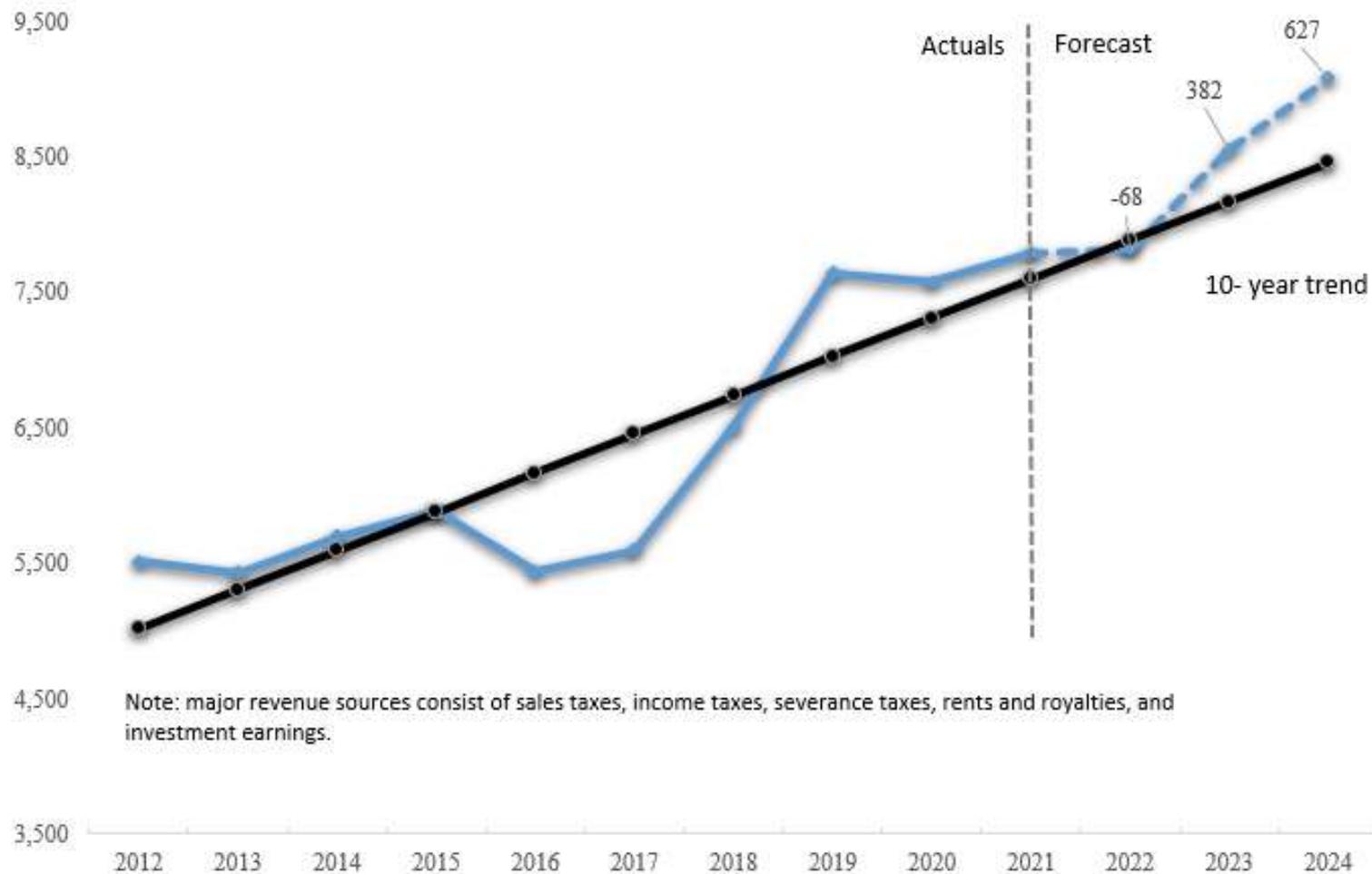
Upside Scenario (in millions)			
	FY22	FY23	FY24
GRT	\$ 38	\$ 77	\$ 93
PIT	\$ 47	\$ 63	\$ 69
Severance to GF	\$ 3	\$ 15	\$ 33
Severance to TSR	\$ 54	\$ 76	\$ 65
FML	\$ -	\$ 2	\$ 8
FML to ECTF	\$ 12	\$ 26	\$ 35
<b>TOTAL</b>	<b>\$ 153</b>	<b>\$ 259</b>	<b>\$ 303</b>
<i>Total GF</i>	<i>\$ 87</i>	<i>\$ 157</i>	<i>\$ 203</i>
<i>Total TSR/ECTF</i>	<i>\$ 66</i>	<i>\$ 102</i>	<i>\$ 100</i>
<i>% TSR/ECTF</i>	<i>43%</i>	<i>39%</i>	<i>33%</i>

Moderate Recession Scenario (in millions)			
	FY22	FY23	FY24
GRT	\$ (178)	\$ (321)	\$ (329)
PIT	\$ (99)	\$ (165)	\$ (130)
Severance	\$ (13)	\$ (134)	\$ (142)
Severance to TSR	\$ (260)	\$ (284)	\$ (73)
FML	\$ -	\$ (13)	\$ (51)
FML to ECTF	\$ (63)	\$ (120)	\$ (55)
<b>TOTAL</b>	<b>\$ (613)</b>	<b>\$ (1,036)</b>	<b>\$ (781)</b>
<i>Total GF</i>	<i>\$ (291)</i>	<i>\$ (632)</i>	<i>\$ (653)</i>
<i>Total TSR/ECTF</i>	<i>\$ (323)</i>	<i>\$ (404)</i>	<i>\$ (128)</i>
<i>% TSR/ECTF</i>	<i>53%</i>	<i>39%</i>	<i>16%</i>

Low Oil Price Scenario (in millions)			
	FY22	FY23	FY24
GRT	\$ (241)	\$ (515)	\$ (561)
PIT	\$ (91)	\$ (146)	\$ (178)
Severance	\$ (22)	\$ (290)	\$ (384)
Severance to TSR	\$ (424)	\$ (284)	\$ (146)
FML	\$ -	\$ (73)	\$ (153)
FML to ECTF	\$ (107)	\$ (121)	\$ (55)
<b>TOTAL</b>	<b>\$ (885)</b>	<b>\$ (1,429)</b>	<b>\$ (1,475)</b>
<i>Total GF</i>	<i>\$ (354)</i>	<i>\$ (1,024)</i>	<i>\$ (1,275)</i>
<i>Total TSR/ECTF</i>	<i>\$ (531)</i>	<i>\$ (405)</i>	<i>\$ (201)</i>
<i>% TSR/ECTF</i>	<i>60%</i>	<i>28%</i>	<i>14%</i>

# General Fund Revenue vs. 10 Year Trend

**Volatility in Major General Fund Revenue Sources (Deviation from 10-year trend line FY12-FY21)**



Note: major revenue sources consist of sales taxes, income taxes, severance taxes, rents and royalties, and investment earnings.

Source: DOT, CREG August 2021 Revenue Estimate (\$ millions)

- Chart shows how far revenues deviate from a 10-year trend
- Highlights above and below trend revenue years
- Years with significant above trend revenue may not be sustainable in the long term and years with below trend revenue may stress the state's resources and economy
- Revenues in 2019 were above the 10-year trend by \$621 million before returning to trend in 2020 and 2021

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# Appendix

# Appendix 1a:

Revenue Source	FY21					FY22					FY23				
	Feb 2021 Est. (Legislation Adjusted)	Aug 2021 Est.	Change from Prior (Feb 21)	% Change from FY20	\$ Change from FY20	Feb 2021 Est. (Legislation Adjusted)	Aug 2021 Est.	Change from Prior (Feb 21)	% Change from FY21	\$ Change from FY21	Feb 2021 Est. (Legislation Adjusted)	Aug 2021 Est.	Change from Prior (Feb 21)	% Change from FY22	\$ Change from FY22
<i>Base Gross Receipts Tax</i>	2,642.9	2,965.1	322.2	-4.5%	(139.0)	2,662.3	2,890.0	227.7	-2.5%	(75.1)	2,771.1	3,053.2	282.1	5.6%	163.2
<i>F&amp;M Hold Harmless Payments</i>	(122.5)	(113.4)	9.1	-30.0%	48.6	(112.7)	(106.8)	5.9	-5.8%	6.6	(103.8)	(97.0)	6.8	-9.2%	9.8
NET Gross Receipts Tax	2,520.4	2,851.7	331.3	-3.1%	(90.4)	2,549.7	2,783.2	233.5	-2.4%	(68.5)	2,667.3	2,956.2	288.9	6.2%	173.0
Compensating Tax	54.3	62.8	8.5	-1.1%	(0.7)	55.0	61.2	6.2	-2.5%	(1.6)	57.1	64.7	7.6	5.6%	3.5
TOTAL GENERAL SALES	2,574.7	2,914.5	339.8	-3.0%	(91.1)	2,604.7	2,844.4	239.7	-2.4%	(70.1)	2,724.4	3,020.9	296.5	6.2%	176.5
Tobacco Taxes	91.5	90.5	(1.0)	1.9%	1.7	87.1	90.4	3.3	-0.1%	(0.1)	86.1	89.1	3.0	-1.4%	(1.3)
Liquor Excise	24.9	25.6	0.7	4.0%	1.0	24.5	24.7	0.2	-3.5%	(0.9)	24.7	24.9	0.2	0.8%	0.2
Cannabis Excise	n/a	n/a	n/a	n/a	n/a	6.5	6.2	(0.3)	n/a	n/a	20.0	27.9	7.9	350.0%	21.7
Insurance Taxes	230.8	290.9	60.1	12.2%	31.7	268.1	293.8	25.7	1.0%	2.9	300.0	348.8	48.8	18.7%	55.0
Fire Protection Fund Reversion	12.0	12.0	-	#DIV/0!	12.0	-	-	-100.0%	(12.0)	-	-	-	#DIV/0!	-	
Motor Vehicle Excise	156.3	174.1	17.8	26.4%	36.3	130.3	137.5	7.2	-21.0%	(36.6)	134.6	139.7	5.1	1.6%	2.2
Gaming Excise	8.5	24.7	16.2	-46.4%	(21.4)	64.0	66.7	2.7	170.6%	42.1	65.2	66.0	0.8	-1.0%	(0.7)
Leased Vehicle & Other	4.3	5.5	1.2	-26.1%	(1.9)	5.7	5.5	(0.2)	0.0%	-	5.9	6.0	0.0	8.2%	0.5
TOTAL SELECTIVE SALES	528.3	623.3	96.2	10.5%	59.5	586.2	624.8	39.3	0.2%	1.5	636.5	702.4	65.8	12.4%	77.6
Personal Income Tax	1,587.1	1,899.1	312.0	12.3%	207.3	1,592.0	1,860.9	268.9	-2.0%	(38.2)	1,686.2	1,982.2	296.0	6.5%	121.3
<i>Gross Corporate Income Tax</i>	134.5	228.1	93.6	63.5%	88.6	142.1	224.9	82.8	-1.4%	(3.2)	154.6	233.4	78.8	3.8%	8.5
<i>CIT Refundable Credits</i>	(83.1)	(83.1)	0.0	8.9%	(6.8)	(99.8)	(111.4)	(11.6)	34.1%	(28.3)	(146.6)	(139.1)	7.5	24.8%	(27.7)
NET Corporate Income Tax	51.4	145.0	93.6	129.4%	81.8	42.3	113.5	71.2	-21.7%	(31.5)	8.0	94.3	86.3	-16.9%	(19.2)
TOTAL INCOME TAXES	1,638.5	2,044.1	405.6	16.5%	289.1	1,634.3	1,974.4	340.1	-3.4%	(69.7)	1,694.2	2,076.5	382.3	5.2%	102.1
<i>Gross Oil and Gas School Tax</i>	561.0	755.1	194.1	36.1%	200.3	611.2	1,029.4	418.2	36.3%	274.3	622.3	952.7	330.4	-7.5%	(76.7)
<i>Excess to TSR or Early Childhood Trust Fund</i>	(140.6)	(334.7)	(194.1)	101.5%	(168.6)	(126.0)	(505.4)	(379.4)	51.0%	(170.7)	(75.7)	(283.6)	(207.9)	-43.9%	(221.8)
NET Oil & Gas School Tax	420.4	420.4	0.0	8.2%	31.7	485.2	524.0	38.8	24.6%	103.6	546.6	669.1	122.5	27.7%	145.1
Oil Conservation Tax	29.5	38.9	9.4	31.8%	9.4	31.9	53.1	21.2	36.5%	14.2	32.5	49.2	16.7	-7.3%	(3.9)
Resources Excise Tax	6.7	6.7	-	-6.3%	(0.4)	7.7	7.6	(0.1)	13.4%	0.9	7.5	7.0	(0.5)	-7.9%	(0.6)
Natural Gas Processors Tax	9.6	10.4	0.8	-29.6%	(4.4)	8.2	8.6	0.4	-17.3%	(1.8)	11.6	21.0	9.4	144.2%	12.4
TOTAL SEVERANCE TAXES	466.2	476.4	10.2	8.2%	36.3	533.0	593.3	60.3	24.5%	116.9	598.2	746.3	148.1	25.8%	153.0
LICENSE FEES	52.7	51.4	(1.4)	1.8%	0.9	52.2	60.1	7.8	16.9%	8.7	52.5	59.7	7.2	-0.5%	0.3
LGPF Interest	719.9	720.8	0.9	7.0%	47.3	781.8	777.1	(4.7)	7.8%	56.3	848.3	848.5	0.2	9.2%	71.4
STO Interest	31.0	5.2	(25.8)	-94.3%	(86.6)	23.5	26.3	2.8	405.8%	21.1	16.5	20.9	4.4	-20.5%	(5.4)
STPF Interest	234.0	234.0	-	3.9%	8.8	246.4	246.4	-	5.3%	12.4	254.1	261.5	7.4	6.1%	15.1
TOTAL INTEREST	984.9	960.0	(24.9)	-3.1%	(30.5)	1,051.7	1,049.8	(1.9)	9.4%	89.8	1,118.9	1,130.9	12.0	7.7%	81.1
<i>Gross Federal Mineral Leasing</i>	738.5	811.0	72.6	-0.7%	(6.1)	787.0	1,180.1	393.2	45.5%	369.1	831.2	1,267.6	436.4	7.4%	87.5
<i>Excess to Early Childhood Trust Fund</i>	n/a	n/a	n/a	n/a	n/a	-	(425.2)	(425.2)	n/a	n/a	-	(363.9)	(363.9)	n/a	n/a
NET Federal Mineral Leasing	738.5	811.0	72.6	-0.7%	(6.1)	787.0	754.9	(32.1)	-6.9%	(56.1)	831.2	903.7	72.5	19.7%	148.8
State Land Office	59.4	38.0	(21.5)	-45.7%	(31.9)	60.2	38.3	(21.9)	0.9%	0.3	61.2	38.3	(22.9)	0.0%	-
TOTAL RENTS & ROYALTIES	797.9	849.0	51.1	-4.3%	(38.0)	847.2	793.2	(54.0)	-6.6%	(55.8)	892.4	942.0	49.6	18.8%	148.8
TRIBAL REVENUE SHARING	53.8	29.7	(24.1)	-34.6%	(15.7)	68.6	71.8	3.2	141.5%	42.1	69.1	73.5	4.5	2.4%	1.7
MISCELLANEOUS RECEIPTS	47.5	47.4	(0.1)	14.1%	5.8	47.9	46.9	(1.0)	-0.9%	(0.4)	40.0	39.5	(0.6)	-15.8%	(7.4)
REVERSIONS	50.0	50.0	-	-38.3%	(31.1)	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
TOTAL RECURRING	7,194.5	8,045.7	851.3	2.4%	185.2	7,475.9	8,108.6	632.8	0.8%	62.9	7,876.2	8,841.7	965.5	9.0%	733.1
<i>2021 Nonrecurring Legislation</i>	(199.7)	(147.0)	52.7			(3.8)	(13.8)	(10.0)							
<i>Other Nonrecurring</i>	62.8	82.6	19.8			-	-	-							
TOTAL NONRECURRING	(136.9)	(64.4)	72.5	-120.0%	(386.7)	(3.8)	(13.8)	(10.0)	n/a	50.6	-	-	-	n/a	13.8
GRAND TOTAL General Fund	7,057.6	7,981.4	923.8	-2.5%	(201.6)	7,472.1	8,094.8	622.8	1.4%	113.5	7,876.2	8,841.7	965.5	9.2%	746.9

Note: Columns in blue show difference between February 2021 Consensus Revenue Estimate (legislation-adjusted) and August 2021 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in the August 2021 Consensus Revenue Estimate

# Appendix 1b:

Revenue Source	FY24					FY25					FY26		
	Feb 2021 Est. (Legislation Adjusted)	Aug 2021 Est.	Change from Prior (Feb 21)	% Change from FY23	\$ Change from FY23	Feb 2021 Est. (Legislation Adjusted)	Aug 2021 Est.	Change from Prior (Feb 21)	% Change from FY24	\$ Change from FY24	Aug 2021 Est.	% Change from FY25	\$ Change from FY25
Base Gross Receipts Tax	2,874.1	3,152.8	278.7	3.3%	99.6	2,975.6	3,251.9	276.3	3.1%	99.1	3,359.0	3.3%	107.1
F&M Hold Harmless Payments	(94.5)	(87.4)	7.1	-9.9%	9.6	(84.8)	(77.2)	7.6	-11.7%	10.2	(66.5)	-13.9%	10.7
NET Gross Receipts Tax	2,779.6	3,065.4	285.8	3.7%	109.2	2,890.9	3,174.7	283.8	3.6%	109.3	3,292.5	3.7%	117.8
Compensating Tax	59.2	66.8	7.6	3.3%	2.1	61.3	68.9	7.6	3.1%	2.1	71.1	3.3%	2.3
TOTAL GENERAL SALES	2,838.8	3,132.2	293.4	3.7%	111.3	2,952.2	3,243.6	291.4	3.6%	111.4	3,363.6	3.7%	120.1
Tobacco Taxes	84.9	88.1	3.2	-1.1%	(1.0)	83.4	87.4	4.0	-0.8%	(0.7)	86.7	-0.8%	(0.7)
Liquor Excise	24.9	25.1	0.2	0.8%	0.2	25.0	25.3	0.3	0.8%	0.2	25.4	0.4%	0.1
Cannabis Excise	28.6	31.9	3.3			31.5	35.7	4.2	11.9%	3.8	42.7	19.6%	7.0
Insurance Taxes	317.6	369.4	51.8	5.9%	20.6	385.4	454.8	69.4	23.1%	85.4	491.3	8.0%	36.5
Fire Protection Fund Reversion	-	-	-	#DIV/0!	-	-	-	-	#DIV/0!	-	-	#DIV/0!	-
Motor Vehicle Excise	140.2	141.5	1.3	1.3%	1.8	145.2	147.4	2.2	4.2%	5.9	151.5	2.8%	4.1
Gaming Excise	64.7	66.6	1.9	0.9%	0.6	64.1	65.9	1.8	-1.1%	(0.7)	65.9	0.0%	-
Leased Vehicle & Other	5.9	6.3	0.4	5.9%	0.4	5.6	6.6	1.0	4.8%	0.3	6.6	0.0%	-
TOTAL SELECTIVE SALES	666.8	728.9	62.1	3.8%	26.5	740.2	823.1	82.9	12.9%	94.2	870.1	5.7%	47.0
Personal Income Tax	1,726.7	2,069.5	342.8	4.4%	87.3	1,792.5	2,187.2	394.7	5.7%	117.7	2,298.2	5.1%	111.0
Gross Corporate Income Tax	164.2	239.5	75.3	2.6%	6.1	175.6	242.9	67.3	1.4%	3.4	247.5	1.9%	4.6
CIT Refundable Credits	(150.5)	(159.8)	(9.3)	14.9%	(20.7)	(153.5)	(159.8)	(6.3)	0.0%	-	(159.8)	0.0%	-
NET Corporate Income Tax	13.7	79.7	66.0	-15.5%	(14.6)	22.1	83.1	61.0	4.3%	3.4	87.7	5.5%	4.6
TOTAL INCOME TAXES	1,740.4	2,149.2	408.8	3.5%	72.7	1,814.6	2,270.3	455.7	5.6%	121.1	2,385.9	5.1%	115.6
Gross Oil and Gas School Tax	631.7	915.5	283.8	-3.9%	(37.2)	643.8	923.1	279.3	0.8%	7.6	948.8	2.8%	25.7
Excess to TSR or Early Childhood Trust Fund	(50.8)	(146.0)	(95.2)	-48.5%	137.6	(47.6)	(81.6)	(34.0)	-44.1%	64.4	(33.7)	-58.7%	47.9
NET Oil & Gas School Tax	580.9	769.5	188.6	15.0%	100.4	596.2	841.5	245.3	9.4%	72.0	915.1	8.7%	73.6
Oil Conservation Tax	32.9	47.6	14.7	-3.3%	(1.6)	33.5	48.0	14.5	0.8%	0.4	49.3	2.7%	1.3
Resources Excise Tax	7.6	7.1	(0.5)	1.4%	0.1	7.7	7.1	(0.6)	0.0%	-	7.1	0.0%	-
Natural Gas Processors Tax	11.8	18.0	6.2	-14.3%	(3.0)	12.0	14.8	2.8	-17.8%	(3.2)	13.3	-10.1%	(1.5)
TOTAL SEVERANCE TAXES	633.2	842.2	209.0	12.9%	95.9	649.4	911.4	262.0	8.2%	69.2	984.8	8.1%	73.4
LICENSE FEES	52.9	59.5	6.6	-0.3%	(0.2)	53.5	58.7	5.2	-1.4%	(0.8)	58.6	-0.3%	(0.2)
LGPF Interest	908.2	917.3	9.1	8.1%	68.8	981.8	1,003.1	21.3	9.4%	85.8	1,077.0	7.4%	73.9
STO Interest	19.4	22.5	3.1	7.7%	1.6	19.4	32.9	13.5	46.2%	10.4	33.1	0.6%	0.2
STPF Interest	258.8	278.5	19.7	6.5%	17.0	266.3	298.4	32.1	7.1%	19.9	313.5	5.1%	15.1
TOTAL INTEREST	1,186.4	1,218.3	31.9	7.7%	87.4	1,267.5	1,334.4	66.9	9.5%	116.1	1,423.6	6.7%	89.2
Gross Federal Mineral Leasing	845.2	1,208.3	363.1	-4.7%	(59.3)	861.3	1,177.9	316.6	-2.5%	(30.4)	1,198.2	1.7%	20.3
Excess to Early Childhood Trust Fund	-	(163.9)	(163.9)	-55.0%	200.0	(35.7)	(121.1)	(85.4)	-26.1%	42.8	(69.2)	-42.9%	51.9
NET Federal Mineral Leasing	845.2	1,044.4	199.2	15.6%	140.7	825.6	1,056.8	231.2	1.2%	12.4	1,129.0	6.8%	72.2
State Land Office	62.4	38.3	(24.1)	0.0%	-	63.7	38.3	(25.4)	0.0%	-	38.3	0.0%	-
TOTAL RENTS & ROYALTIES	907.6	1,082.7	175.1	14.9%	140.7	889.3	1,095.1	205.8	1.1%	12.4	1,167.3	6.6%	72.2
TRIBAL REVENUE SHARING	70.2	75.4	5.2	2.5%	1.8	71.3	77.2	5.9	2.4%	1.8	79.1	2.5%	1.9
MISCELLANEOUS RECEIPTS	39.2	37.8	(1.4)	-4.2%	(1.7)	39.1	38.9	(0.2)	3.0%	1.1	38.8	-0.5%	(0.2)
REVERSIONS	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-	50.0	0.0%	-
TOTAL RECURRING	8,185.5	9,376.2	1,190.7	6.0%	534.5	8,527.1	9,902.7	1,375.7	5.6%	526.5	10,421.8	5.2%	519.1
2021 Nonrecurring Legislation													
Other Nonrecurring													
TOTAL NONRECURRING			-	n/a	-			-	n/a	-		n/a	-
<b>GRAND TOTAL General Fund</b>	<b>8,185.5</b>	<b>9,376.2</b>	<b>1,190.7</b>	<b>6.0%</b>	<b>534.5</b>	<b>8,527.1</b>	<b>9,902.7</b>	<b>1,375.7</b>	<b>5.6%</b>	<b>526.5</b>	<b>10,421.8</b>	<b>5.2%</b>	<b>519.1</b>

Note: Columns in blue show difference between February 2021 Consensus Revenue Estimate (legislation-adjusted) and August 2021 Consensus Revenue Estimate

Note: Columns in red show year-over-year growth expected in the August 2021 Consensus Revenue Estimate

# Appendix 2:

		U.S. and New Mexico Economic Indicators											
		FY21		FY22		FY23		FY24		FY25		FY26	
		Jan 21 Forecast	Aug 21 Forecast	Jan 21 Forecast	Aug 21 Forecast	Jan 21 Forecast	Aug 21 Forecast	Jan 21 Forecast	Aug 21 Forecast	Jan 21 Forecast	Aug 21 Forecast	Jan 21 Forecast	Aug 21 Forecast
<b>National Economic Indicators</b>													
IHS	US Real GDP Growth (annual avg. % YOY)*	0.6	<b>1.6</b>	4.1	<b>5.7</b>	3.0	<b>2.8</b>	2.5	<b>2.3</b>	2.5	<b>2.3</b>	2.5	<b>2.3</b>
Moody's	US Real GDP Growth (annual avg. % YOY)*	1.2	<b>1.6</b>	4.9	<b>6.2</b>	4.5	<b>2.8</b>	2.5	<b>2.9</b>	2.0	<b>2.7</b>	1.9	<b>2.4</b>
IHS	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	<b>2.3</b>	2.4	<b>4.2</b>	2.2	<b>1.5</b>	2.1	<b>2.0</b>	2.1	<b>2.1</b>	2.1	<b>2.2</b>
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	<b>2.3</b>	2.3	<b>4.2</b>	2.5	<b>2.3</b>	2.4	<b>2.3</b>	2.5	<b>2.3</b>	2.4	<b>2.3</b>
IHS	Federal Funds Rate (%)	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.1	<b>0.3</b>	0.1	<b>0.8</b>	0.1	<b>1.3</b>
Moody's	Federal Funds Rate (%)	0.1	<b>0.1</b>	0.1	<b>0.1</b>	0.1	<b>0.2</b>	0.7	<b>1.0</b>	1.7	<b>1.9</b>	2.5	<b>2.5</b>
<b>New Mexico Labor Market and Income Data</b>													
BBER	NM Non-Agricultural Employment Growth (%)	-2.6	<b>-5.3</b>	2.5	<b>3.4</b>	1.2	<b>2.2</b>	1.1	<b>1.6</b>	1.2	<b>1.4</b>	1.2	<b>1.4</b>
Moody's	NM Non-Agricultural Employment Growth (%)	-4.1	<b>-5.9</b>	3.2	<b>4.4</b>	2.7	<b>2.4</b>	1.6	<b>1.1</b>	0.7	<b>0.5</b>	0.5	<b>0.3</b>
BBER	NM Nominal Personal Income Growth (%)***	6.7	<b>6.3</b>	2.5	<b>6.6</b>	-1.1	<b>-5.5</b>	4.4	<b>4.6</b>	4.6	<b>4.5</b>	4.9	<b>4.9</b>
Moody's	NM Nominal Personal Income Growth (%)***	7.0	<b>6.3</b>	6.0	<b>5.4</b>	-2.3	<b>-1.7</b>	4.9	<b>4.6</b>	4.4	<b>4.5</b>	4.2	<b>4.3</b>
BBER	NM Total Wages & Salaries Growth (%)	0.7	<b>0.0</b>	4.3	<b>4.7</b>	4.1	<b>5.2</b>	4.1	<b>4.8</b>	4.2	<b>4.5</b>	4.6	<b>4.4</b>
Moody's	NM Total Wages & Salaries Growth (%)	1.9	<b>1.0</b>	4.2	<b>7.1</b>	4.0	<b>4.3</b>	4.8	<b>4.8</b>	4.2	<b>4.1</b>	4.3	<b>4.2</b>
BBER	NM Private Wages & Salaries Growth (%)	1.4	<b>0.9</b>	5.1	<b>4.7</b>	4.6	<b>5.8</b>	4.5	<b>5.1</b>	4.7	<b>4.8</b>	5.1	<b>4.6</b>
BBER	NM Real Gross State Product (% YOY)	-0.1	<b>-0.4</b>	2.6	<b>5.8</b>	2.6	<b>2.4</b>	2.7	<b>2.2</b>	2.4	<b>2.2</b>	2.2	<b>2.1</b>
Moody's	NM Real Gross State Product (% YOY)	1.3	<b>0.2</b>	5.4	<b>7.2</b>	4.3	<b>2.8</b>	2.5	<b>2.5</b>	1.7	<b>2.2</b>	1.6	<b>2.0</b>
CREG	NM Gross Oil Price (\$/barrel)	\$43.50	<b>\$49.92</b>	\$47.00	<b>\$63.50</b>	\$48.50	<b>\$58.00</b>	\$49.00	<b>\$56.00</b>	\$49.50	<b>\$55.50</b>		<b>\$55.50</b>
CREG	NM Net Oil Price (\$/barrel)*****	\$38.19	<b>\$43.61</b>	\$41.27	<b>\$55.75</b>	\$42.58	<b>\$50.92</b>	\$43.02	<b>\$49.17</b>	\$43.46	<b>\$48.73</b>		<b>\$48.73</b>
BBER	Oil Volumes (million barrels)	363.2	<b>392</b>	375.4	<b>396</b>	391.6	<b>408</b>	403.7	<b>414</b>	415.0	<b>420</b>		<b>421</b>
CREG	NM Taxable Oil Volumes (million barrels)	370.0	<b>405.0</b>	370.0	<b>445.0</b>	370.0	<b>460.0</b>	370.0	<b>475.0</b>	370.0	<b>485.0</b>		<b>495.0</b>
	NM Taxable Oil Volumes (%YOY growth)	22.0%	<b>10.0%</b>	0.5%	<b>9.9%</b>	0.0%	<b>3.4%</b>	0.0%	<b>3.3%</b>	0.0%	<b>2.1%</b>		<b>2.1%</b>
CREG	NM Gross Gas Price (\$ per thousand cubic feet)****	\$2.45	<b>\$3.32</b>	\$2.70	<b>\$3.75</b>	\$2.65	<b>\$3.25</b>	\$2.70	<b>\$2.75</b>	\$2.80	<b>\$2.70</b>		<b>\$2.80</b>
CREG	NM Net Gas Price (\$ per thousand cubic feet)*****	\$1.75	<b>\$2.32</b>	\$1.69	<b>\$2.71</b>	\$1.75	<b>\$2.25</b>	\$1.75	<b>\$1.83</b>	\$1.85	<b>\$1.79</b>		<b>\$1.87</b>
BBER	Gas Volumes (billion cubic feet)	1,711	<b>1,995</b>	1,817	<b>1,847</b>	1,831	<b>1,874</b>	1,868	<b>1,895</b>	1,900	<b>1,904</b>		<b>1,945</b>
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,829	<b>2,115</b>	1,830	<b>2,270</b>	1,830	<b>2,360</b>	1,830	<b>2,430</b>	1,830	<b>2,470</b>		<b>2,500</b>
	NM Taxable Gas Volumes (%YOY growth)	17.0%	<b>15.6%</b>	0.1%	<b>7.3%</b>	0.0%	<b>4.0%</b>	0.0%	<b>3.0%</b>	0.0%	<b>1.6%</b>		<b>1.2%</b>

## Notes

\* Real GDP is BEA chained 2012 dollars, billions, annual rate

\*\* CPI is all urban, BLS 1982-84=1.00 base

\*\*\*Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and IHS Markit (November) future prices

\*\*\*\*\*The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: BBER - July 2021 FOR-UNM baseline. IHS Global Insight - August 2021 baseline.

## DFA Notes

\* Real GDP is BEA chained 2012 dollars, billions, annual rate

\*\* CPI is all urban, BLS 1982-84=1.00 base.

\*\*\*Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

\*\*\*\*The gross gas prices are estimated using a formula of NYMEX, EIA, and Moody's future prices

\*\*\*\*\*The net oil and gas prices represent calculated prices based on taxable values of the product after deductions for transportation, processing, and royalties

Sources: August 2021 Moody's economy.com baseline

# Appendix 3:

## DFA GENERAL FUND FINANCIAL SUMMARY August 2021 Consensus Revenue Estimate (Dollars in Millions)

	Est. FY21	Est. FY22	Est. FY23
<b>APPROPRIATION ACCOUNT</b>			
<b>Revenue:</b>			
Recurring Revenue:			
February 2021 Consensus Revenue Forecast	\$ 7,194.5	\$ 7,475.9	\$ 7,876.2
August 2021 Forecast Revisions	\$ 851.3	\$ 632.8	\$ 965.5
<b>Subtotal Recurring Revenue</b>	<b>\$ 8,045.8</b>	<b>\$ 8,108.6</b>	<b>\$ 8,841.7</b>
<b>Nonrecurring Revenue</b>			
2019 Legislative Session	\$ -	\$ -	\$ -
December 2019 Nonrecurring Revenue Forecast, Adj. for 2020 Legislative Session	\$ 62.8	\$ -	\$ -
Enhanced FMAP Medicaid Reversion	\$ -	\$ -	\$ -
June 2020 Special Session (SB5 Road Swaps)	\$ -	\$ -	\$ -
June 2020 Special Session (SB5 Sweeps)	\$ -	\$ -	\$ -
Transfers/offsets from Coronavirus Relief Fund	\$ -	\$ -	\$ -
Federal Stimulus Funds	\$ 750.0	\$ -	\$ -
2021 Session Nonrecurring Revenue	\$ (199.7)	\$ (3.8)	\$ -
Estimated Change to nonrecurring revenue legislation	\$ 72.5	\$ (10.0)	\$ -
<b>Subtotal Nonrecurring Revenue</b>	<b>\$ 685.6</b>	<b>\$ (13.8)</b>	<b>\$ -</b>
<b>Total Revenue</b>	<b>\$ 8,731.4</b>	<b>\$ 8,094.8</b>	<b>\$ 8,841.7</b>
<b>Appropriations:</b>			
Recurring Appropriations:			
Prior Legislative Sessions			
2019 Legislative Session and Feed Bill	\$ -	\$ -	\$ -
2020 Legislative Session and Feed Bill	\$ 7,621.4	\$ -	\$ -
2020 Special Session Solvency Savings	\$ (411.9)	\$ -	\$ -
2021 Legislative Session and Feed Bill	\$ 10,025	\$ 7,449.7	\$ -
<b>Subtotal Recurring Appropriations</b>	<b>\$ 7,219.6</b>	<b>\$ 7,449.7</b>	<b>\$ -</b>
Nonrecurring:			
Prior Legislative Sessions			
Audit Adjustments			
2019 Legislative Session	\$ -	\$ -	\$ -
2020 Legislative session	\$ 320.0	\$ -	\$ -
2020 First Special Session Solvency Savings	\$ (20.0)	\$ -	\$ -
2020 First Special Session Federal Funds Swaps	\$ (146.6)	\$ -	\$ -
2019 GAA Undistributed Nonrecurring Appropriations	\$ -	\$ -	\$ -
2020 GAA Undistributed Nonrecurring Appropriations	\$ 259.5	\$ -	\$ -
2020 Second Special Session Appropriations	\$ 329.2	\$ -	\$ -
2021 Legislative Session Nonrecurring Appropriations	\$ 931.0	\$ -	\$ -
<b>Subtotal Nonrecurring Appropriations</b>	<b>\$ 1,673.08</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Appropriations</b>	<b>\$ 8,892.6</b>	<b>\$ 7,449.7</b>	<b>\$ -</b>
Transfers to/(from Reserves)	\$ (161.2)	\$ 645.2	\$ -

**FY23  
New  
Money  
\$1.39  
billion  
or  
18.7%**

## Reserve Detail (Dollars in Millions)

	Est. FY21	Est. FY22	Est. FY23
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 507.2	\$ 286.9	\$ 577.6
BOF Emergency Appropriations/Reversions	\$ (2.5)	\$ (2.5)	\$ (2.5)
Disaster Allotments	\$ (6.7)	\$ -	\$ -
Transfers from/to Appropriation Account	\$ (161.2)	\$ 645.2	\$ -
Transfers to Tax Stabilization Reserve	\$ -	\$ (352.0)	\$ -
Transfers from (to) ACF/Other Appropriations	\$ (50.0)	\$ -	\$ -
Transfers from Tax Stabilization Reserve	\$ -	\$ -	\$ -
	\$ 0.1	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 286.9</b>	<b>\$ 577.6</b>	<b>\$ 575.1</b>
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ 8.7	\$ 57.4	\$ 49.4
Disaster Allotments	\$ (12.96)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ -	\$ -	\$ -
Transfers In <sup>1</sup>	\$ 50.00	\$ -	\$ -
Revenue and Reversions	\$ 11.66	\$ 8.0	\$ 8.0
<b>Ending Balance</b>	<b>\$ 57.44</b>	<b>\$ 49.4</b>	<b>\$ 41.4</b>
<b>STATE SUPPORT RESERVE</b>			
Beginning Balance	\$ 29.08	\$ 40.4	\$ (19.6)
Revenues/Transfers <sup>2</sup>	\$ 25.48	\$ -	\$ -
Appropriations <sup>3</sup>	\$ 20.90	\$ -	\$ -
Impact Aid Liability	\$ (35.10)	\$ (60.0)	\$ -
	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 40.4</b>	<b>\$ (19.6)</b>	<b>\$ (19.6)</b>
<b>TOBACCO SETTLEMENT PERMANENT FUND</b>			
Beginning Balance	\$ 241.3	\$ 280.4	\$ 295.8
Transfers In <sup>6</sup>	\$ 36.3	\$ 12.0	\$ 32.5
Appropriation to Tobacco Settlement Program Fund	\$ (36.3)	\$ (12.0)	\$ (16.3)
Gains/Losses	\$ 39.1	\$ 15.4	\$ 16.3
Additional Transfers from TSPF	\$ -	\$ -	\$ -
Transfer to General Fund Appropriation Account	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 280.4</b>	<b>\$ 295.8</b>	<b>\$ 328.3</b>
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	\$ 1,727.3	\$ 1,795.5	\$ 2,225.6
Revenues In <sup>4</sup>	\$ 334.7	\$ 505.4	\$ 283.6
Transfers In (from Operating Reserve)	\$ -	\$ 352.0	\$ -
Transfer Out to Operating Reserve	\$ -	\$ -	\$ -
Transfers Out to Early Childhood Trust Fund <sup>5</sup>	\$ (334.7)	\$ (505.4)	\$ (283.6)
Gains/Losses	\$ 68.2	\$ 78.0	\$ 91.9
Other appropriations	\$ -	\$ -	\$ -
Audit Adjustments	\$ -	\$ -	\$ -
<b>Ending Balance</b>	<b>\$ 1,795.5</b>	<b>\$ 2,225.6</b>	<b>\$ 2,317.4</b>
<b>Total General Fund Ending Balances</b>	<b>\$ 2,460.6</b>	<b>\$ 3,128.7</b>	<b>\$ 3,242.6</b>
<b>Percent of Recurring Appropriations</b>	<b>34.1%</b>	<b>42.0%</b>	

1. Laws 2021, Chapter 137(HB2) appropriated \$50 million from operating reserve to appropriation contingency fund

2. Laws 2019, Chapter 271 (HB2) contained a \$10 million appropriation to the state support reserve fund.

3. Laws 2021, Chapter 137 (HB2) transfers \$15.5 million from K-3 Plus Program Fund to state support reserve fund.

4. Estimated transfers to TSR from excess oil and gas emergency tax revenues in excess of the rolling five-year average.

5. Laws 2020, Chapter 3 (HB83) established that if reserve balances exceed 25 percent of recurring appropriations the excess oil and gas emergency tax revenue in excess of the rolling five-year average be distributed to the Early Childhood Trust Fund.

6. DFA and LFC estimate \$12 million in TSPF revenue due to expected arbitration ruling to affect FY22; LFC assumes legislation will be proposed to use 100% of revenue for tobacco program fund.

Totals may not sum due to rounding

# Appendix 4: Sources and Uses of Bonding Capacity

## Sources and Uses of Bonding Capacity Available for Authorization and Severance Tax Permanent Fund Transfer (in millions) AUGUST 2021 Estimate

Sources of Funds	FY22	FY23	FY24	FY25	FY26	5-Year
<b>General Obligation Bonds</b>	<b>\$244.5</b>		<b>\$244.5</b>		<b>\$244.5</b>	<b>\$733.5</b>
<b>Senior STBs</b>	<b>\$712.8</b>	<b>\$851.6</b>	<b>\$788.5</b>	<b>\$749.3</b>	<b>\$714.3</b>	<b>\$3,816.4</b>
Severance Tax Bonds	\$513.0	\$513.0	\$513.0	\$513.0	\$513.0	\$2,565.0
Severance Tax Notes	\$199.8	\$338.6	\$275.5	\$236.3	\$201.3	\$1,251.4
<b>Supplemental STBs</b>	<b>\$266.9</b>	<b>\$405.3</b>	<b>\$394.3</b>	<b>\$394.3</b>	<b>\$398.2</b>	<b>\$1,858.8</b>
Supplemental Severance Tax Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Supplemental Severance Tax Notes	\$266.9	\$405.3	\$394.3	\$394.3	\$398.2	\$1,858.8
<b>TOTAL Sources of Funds</b>	<b>\$1,224.2</b>	<b>\$1,256.9</b>	<b>\$1,427.3</b>	<b>\$1,143.5</b>	<b>\$1,357.0</b>	<b>\$6,408.8</b>

Uses of Funds	FY22	FY23	FY24	FY25	FY26	5-Year
<b>GOB Projects Approved by Referendum</b>	<b>\$244.5</b>		<b>\$244.5</b>		<b>\$244.5</b>	<b>\$733.5</b>
Authorized but Unissued STB Projects (1)	\$31.2	\$0.0	\$0.0	\$0.0	\$0.0	\$31.2
9% of Senior STB for Water Projects	\$64.2	\$76.6	\$71.0	\$67.4	\$64.3	\$343.5
4.5% of Senior STB for Colonias Projects	\$32.1	\$38.3	\$35.5	\$33.7	\$32.1	\$171.7
4.5% of Senior STB for Tribal Projects	\$32.1	\$38.3	\$35.5	\$33.7	\$32.1	\$171.7
<b>New Senior STB Statewide Capital Projects</b>	<b>\$553.3</b>	<b>\$698.3</b>	<b>\$646.6</b>	<b>\$614.4</b>	<b>\$585.7</b>	<b>\$3,098.3</b>
PSCOC Public School Capital	\$241.9	\$405.3	\$394.3	\$394.3	\$398.2	\$1,833.82
PED Instructional Materials/Transportation (2)	\$25.0	\$0.0	\$0.0	\$0.0	\$0.0	\$25.00
<b>TOTAL Uses of Funds</b>	<b>\$1,224.2</b>	<b>\$1,256.9</b>	<b>\$1,427.3</b>	<b>\$1,143.5</b>	<b>\$1,357.0</b>	<b>\$5,051.8</b>

(1) Includes projects authorized that have either not yet met requirements for funding or were not able to be funded with annual senior capacity.

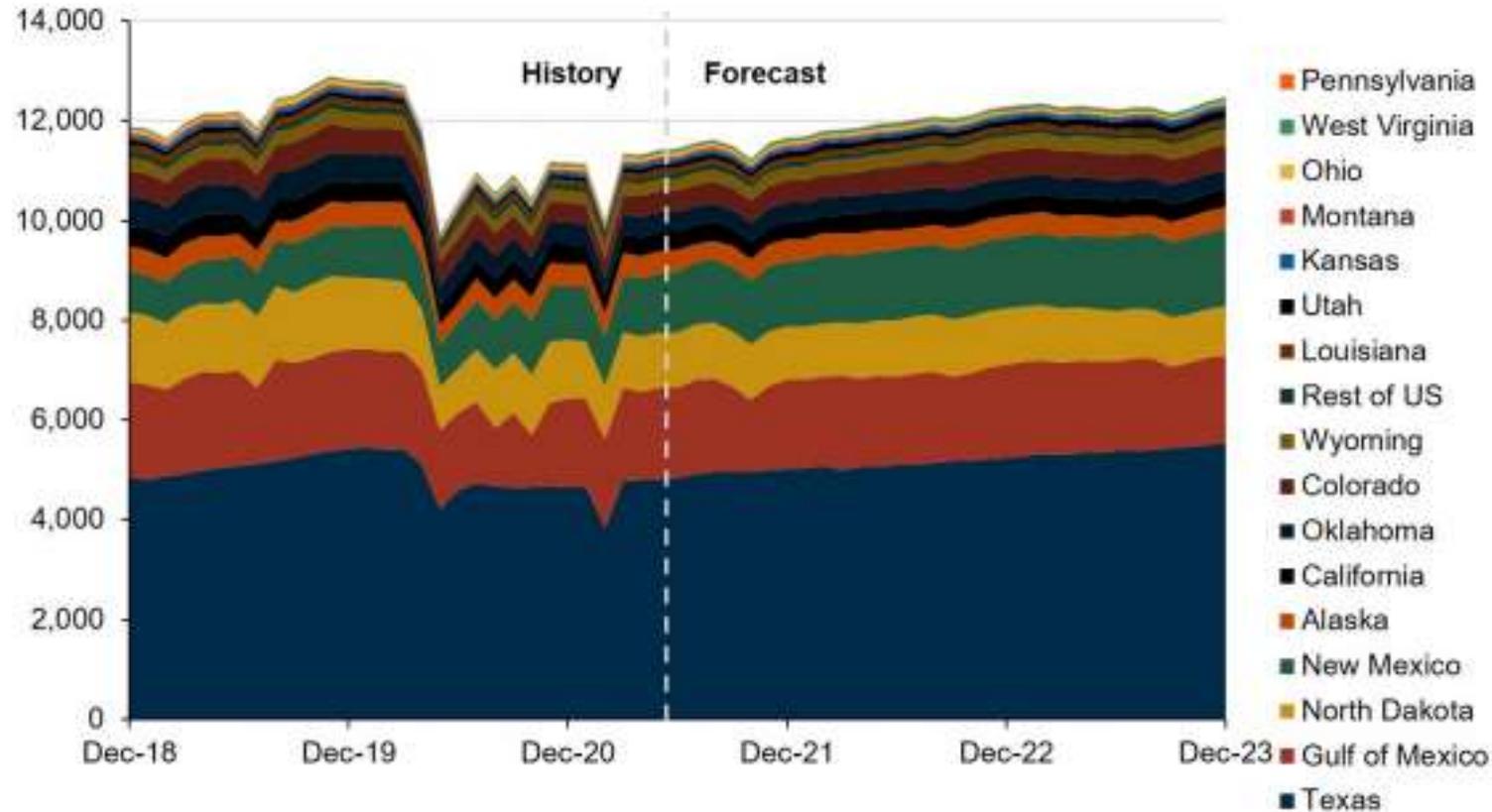
(2) Pursuant to 22-24-4 (N) NMSA 1978. This amount shall be reserved for appropriation by the legislature to the instructional material fund or to the transportation distribution of the public school fund.

Estimated Transfer to Severance Tax Permanent Fund						
	FY22	FY23	FY24	FY25	FY26	5-Year
<b>Severance Tax Permanent Fund Transfer</b>	<b>\$585.3</b>	<b>\$98.1</b>	<b>\$104.4</b>	<b>\$113.9</b>	<b>\$141.9</b>	<b>\$1,043.5</b>

Note: The permanent fund transfer will be higher in years in which there is a large difference between the previous year's actual Severance Tax revenues and the current year's estimate. This is evidenced for FY22, as FY21 actual revenues are lower than the projected revenues for FY22.

# Appendix 5: Rystad Energy Base Case Outlook

**Figure 3: US oil production history and base case outlook by state**  
Thousand barrels per day

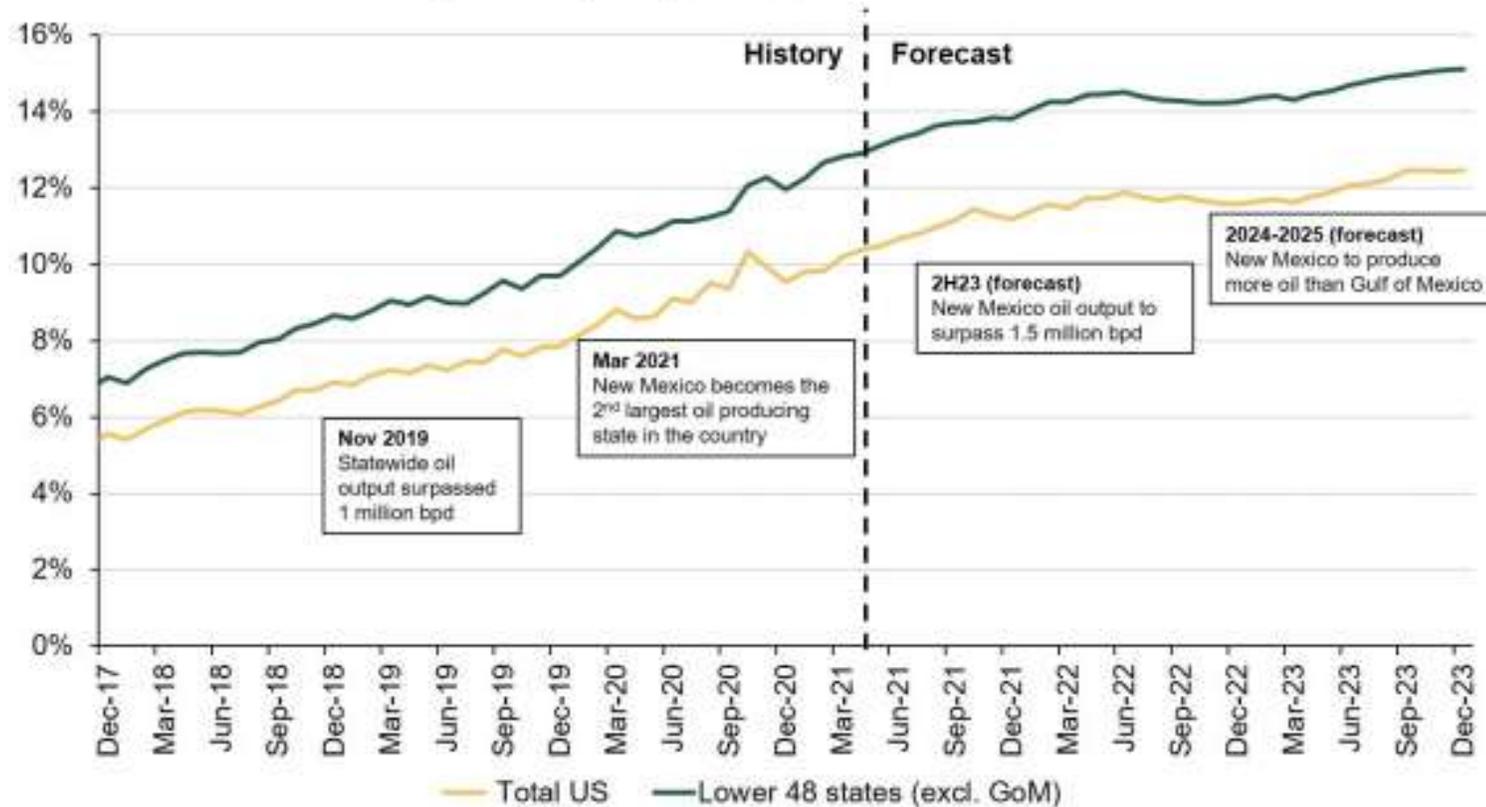


\*Base case is \$65, \$57 and \$54 WTI Cushing price for 2H21, 2022 and 2023, respectively  
\*\*Henry Hub assumption is \$3.6, \$3.2 and \$3.0 for 2H21, 2022 and 2023, respectively  
Source: Rystad Energy ShaleWellCube, Rystad Energy OilMarketCube

➤ Source: Rystad Energy: US Oil & Gas Production Outlook – Update July 2021

# Appendix 6: Rystad Energy, NM's contribution to US oil production

**Figure 4: Contribution of New Mexico to US oil production by month**  
Share of nationwide or lower 48 (excluding GoM) oil output



\*Base case is \$65, \$57 and \$54 WTI Cushing price for 2H21, 2022 and 2023, respectively  
 \*\*Henry Hub assumption is \$3.6, \$3.2 and \$3.0 for 2H21, 2022 and 2023, respectively  
 Source: Rystad Energy ShaleWellCube, Rystad Energy OilMarketCube

➤ Source: Rystad Energy: US Oil & Gas Production Outlook – Update July 2021

# Appendix 7: Rystad Energy, Highest Well Productivity in Permian

New Mexico Delaware yields the highest well productivity in Permian through 2020-2021

The chart shows the median (P50) oil production per foot per well for the most active operators as measured by horizontal drilling activity in the Permian in 2020-2021. It is sorted by targeting shale plays and state (sub basin)

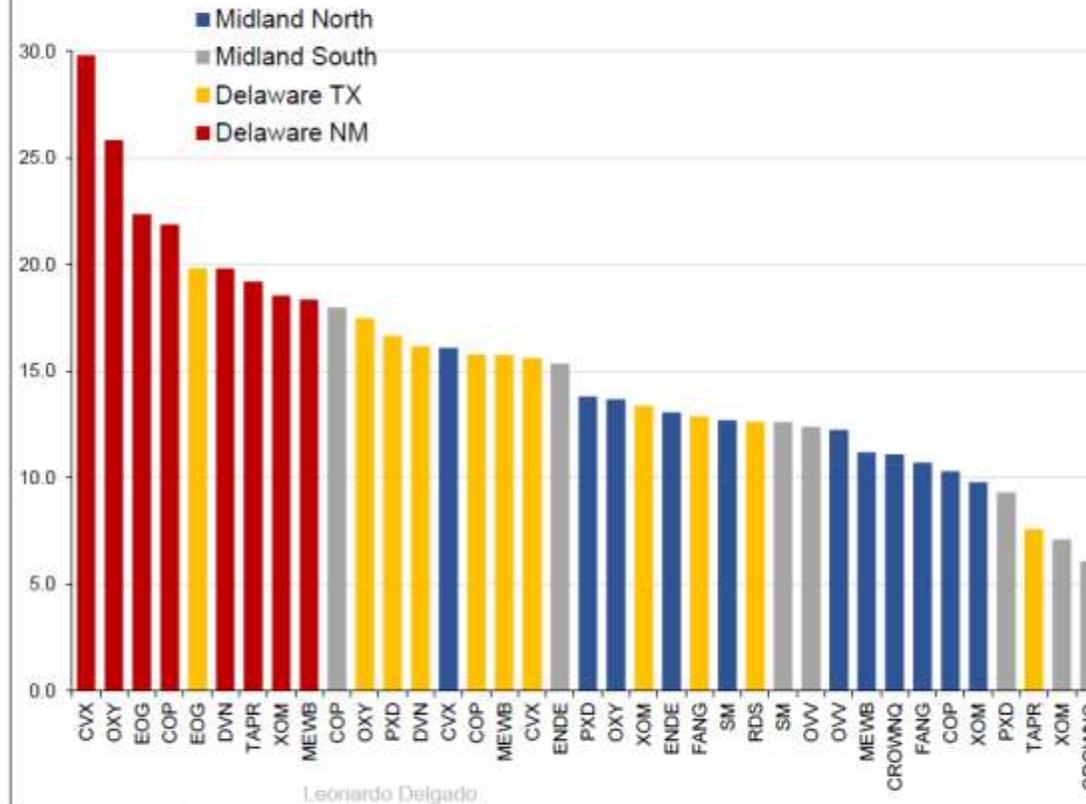
Oil production has been normalized by the P50 perforated lateral length of wells for each operator. The sample only contains wells that have been on production for at least three months

Operators with activity in the New Mexican part of Permian Delaware have realized the highest oil productivity. Second are Permian Delaware operators in Texas. The northern and southern counties of Midland typically had a lower realized oil productivity during the period

Chevron stands out with the top slot in Delaware New Mexico and Midland North. Occidental takes the second place in Delaware New Mexico and Texas. EOG Resources secured the third position in Delaware New Mexico and the first in Delaware Texas

Pioneer won the third slot in Delaware Texas and the second in Midland North. ConocoPhillips had the fourth slot in Delaware Texas and the first in Midland South

Permian oil productivity\* per well per operator in major sub basins  
Barrels per foot



Source: Rystad Energy ShaleWellCube

\*P50 oil production per foot per well in 2020-2021, sorted by sub basin targeting and operator

➤ Source: Rystad Energy: Shale Trends Report – July 2021

# Appendix 8: Revenue Volatility by Major Revenue Sources

**Revenue Volatility by Major Revenue Sources (Deviation from 10-year trend line FY12-FY21)**



Source: DOT, CREG August 2021 Revenue Estimate (\$ millions)